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## **CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED**

### **中國神威藥業集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2877)**

#### **ANNOUNCEMENT**

- The Company is not aware of any reasons for the fluctuation of the Share price.
- The total turnover, which has not been reviewed by the auditors, of the Group for the first half of 2005 recorded a growth of approximately 10% from the same period of 2004.
- This announcement is made voluntarily by the Company based on its management accounts, which have not been reviewed by the auditors and are subject to finalisation.

The directors (“Directors”) of China Shineway Pharmaceutical Group Limited (the “Company”) have noted the recent fluctuation in the trading price of the shares (“Shares”) of the Company and wish to state that we are not aware of any reasons for such fluctuation. The Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), neither are the Directors aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Subject to the interim results announcement expected to be made by the end of August 2005 pursuant to the Listing Rules, the Company would like to provide, based on its management accounts which have not been reviewed by the auditors, the following preliminary financial information of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2005:

Total turnover, which has not been reviewed by the auditors, of the Group increased by approximately 10% compared with the audited turnover of the Group for same period last year, comprising:

- Sales of injection products increased by approximately 23% for the first six months of 2005 compared with the same period last year
- Sales of soft capsule products decreased by approximately 2% for the first six months of 2005 compared with the same period last year

- Sales of granule products decreased by approximately 3% for the first six months of 2005 compared with the same period last year

The increase in the sales of injection products was mainly due to the increases in the sale of Shen Mai Injection by approximately 23%, the sale of Qing Kai Ling Injection by approximately 19% and the sale of Huang Qi Injection by approximately 55%. This was in line with the Company's strategy of managing its product mix toward higher margin injection products with a view to increasing profitability. A reduction in the sales of soft capsules was the combined result of (1) a decrease in the sale of Wu Fu Xing Nao Qing Soft Capsules by approximately 23%, which was caused by the Company's effort in re-organizing its distribution network; and (2) an increase in the sale of Huo Xiang Zheng Qi Soft Capsules by approximately 158%, which partly offset the effects of a lower sales in Wu Fu Xing Nao Qing Soft Capsules.

By product forms, injections, soft capsules and granules respectively accounted for approximately 56%, 32% and 11% of the total turnover, which has not been reviewed by the auditors, of the Group for the first six months of 2005.

Made by the order of the board of directors of the Company (the "Board"), the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

This announcement is made voluntarily by the Company based on its management accounts, which have not been reviewed by the auditors and are subject to finalisation. **Shareholders and investors are advised to exercise caution in dealing in the Shares.**

By Order of the Board  
**China Shineway Pharmaceutical Group Limited**  
**Mr. Li Zhengjiang**  
*Chairman*

Hong Kong, 29 July 2005

*As at the date of this announcement, the Board comprises five executive Directors namely, Mr. Li Zhengjiang (Chairman), Ms. Wang Zhihua, Ms. Xin Yunxia, Mr. Li Huimin and Mr. Hung Randy King Kuen and three independent non-executive Directors namely, Mr. Li Kung Man, Dr. Wang Jianping, and Prof. Zhou Chanfan.*