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If you have sold or transferred all your shares in **China Shineway Pharmaceutical Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting (“AGM”) of China Shineway Pharmaceutical Group Limited (the “Company”) to be held at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 April 2007 is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend and vote at the AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business in Hong Kong at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish.

Hong Kong, 2 April 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 April 2007, notice of which is set out on pages 14 to 17 of this circular or, where the context so admits, any adjournment thereof
“Articles”	the Articles of Association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Shineway Pharmaceutical Group Limited, a company incorporated in the Cayman Islands on 14 August 2002 with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company for the time being
“Extension Mandate”	the proposed general mandate as defined in paragraph 3 of the Letter from the Board contained in this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Latest Practicable Date”	28 March 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China (and where the context requires, reference in this circular to the PRC do not apply to Hong Kong, Macau Special Administrative Region of the PRC or Taiwan)
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors to repurchase Shares as defined in paragraph 2 of the Letter from the Board contained in this circular
“Repurchase Resolution”	the proposed ordinary resolution set out in the notice of the AGM as resolution no. 5(A)
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the capital of the Company
“Share Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and deal in Shares as defined in paragraph 3 of the Letter from the Board contained in this circular
“Share Issue Resolution”	the proposed ordinary resolution set out in the notice of the AGM as resolution no. 5(B)
“Shareholder(s)”	registered holder(s) of the Shares
“Sinovest”	Sinovest International Investment Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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)

Executive Directors:

Mr. Li Zhenjiang (*Chairman*)
Ms. Wang Zhihua
Ms. Xin Yunxia
Mr. Li Huimin
Mr. Hung Randy King Kuen

Registered Office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-111
Cayman Islands

Head Office:

Luan Cheng
Shijiazhuang
Hebei Province
The PRC

Independent Non-executive Directors:

Mr. Ren Dequan
Mr. Li Kung Man
Ms. Cheng Li

Principal Place of Business

in Hong Kong:

Suite 5201, 52nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Company Secretary

Ms. Wong Mei Shan

Hong Kong, 2 April 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information relating to the proposals for (i) the grant of the Repurchase Mandate; (ii) the grant of the Share Issue Mandate; (iii) the grant of the Extension Mandate; and (iv) the re-election of Directors.

2. REPURCHASE MANDATE

An ordinary resolution of the Company was passed on 26 April 2006 whereby a general mandate was given to the Directors to repurchase Shares.

Such general mandate will lapse at the conclusion of the forthcoming AGM. Therefore an ordinary resolution will be proposed at the AGM to grant a general mandate to the Directors to repurchase Shares up to a maximum of 10% of the total nominal value of the Shares in issue as at the date of passing the Repurchase Resolution (the “Repurchase Mandate”).

An explanatory statement, as required under the Listing Rules, providing the requisite information of the Repurchase Mandate is set out in Appendix I to this circular.

3. SHARE ISSUE MANDATE

Ordinary resolutions of the Company were also passed on 26 April 2006 whereby (i) a general mandate was given to the Directors to allot, issue and deal with Shares and (ii) such a general mandate was extended by way of adding thereto the Shares repurchased by the Company pursuant to the general mandate to repurchase Shares granted to the Directors on 26 April 2006.

Such general mandates will lapse at the conclusion of the forthcoming AGM. Therefore two ordinary resolutions will be proposed respectively at the AGM to grant the Directors (i) a general mandate to allot, issue and deal with Shares up to a maximum of 20% of the total nominal value of the Shares in issue as at the date of passing the Share Issue Resolution (the “Share Issue Mandate”) and (ii) an extension of such general mandate so granted to the Directors by adding thereto the Shares repurchased by the Company pursuant to the Repurchase Mandate, up to a maximum of 10% of the total nominal value of the Shares in issue as at the date of passing of the resolution approving such an extension (the “Extension Mandate”).

4. RE-ELECTION OF DIRECTORS

The Board currently consists of eight Directors, namely Mr. Li Zhenjiang, Ms. Wang Zhihua, Ms. Xin Yunxia, Mr. Li Huimin, Mr. Hung Randy King Kuen, Mr. Ren Dequan, Mr. Li Kung Man and Ms. Cheng Li.

Pursuant to Article 87(1) of the Articles, Mr. Li Huimin and Mr. Li Kung Man will retire by rotation at the AGM. Pursuant to Article 86(3) of the Articles, Mr. Ren Dequan and Ms. Cheng Li will hold office until the AGM. These retiring Directors, being eligible for re-election, offer themselves for re-election.

Brief biographical details of the above-mentioned Directors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

5. ANNUAL GENERAL MEETING

The notice convening the AGM to be held at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 April 2007, at which ordinary resolutions will be proposed to approve, inter alia, the Repurchase Mandate, the Share Issue Mandate, the Extension Mandate and the re-election of Directors, is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong, at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

6. RIGHT TO DEMAND A POLL

Pursuant to Article 66 of the Articles, at any general meeting on a show of hands every Shareholder present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every full paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a Shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

A resolution put to the vote of a meeting shall be decided on a show of hands unless it is required by the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

LETTER FROM THE BOARD

- (d) by a Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorized representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

On a poll, a Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 April 2007 to Tuesday, 24 April 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 April 2007.

8. RECOMMENDATION

The Directors consider that the proposals regarding the Repurchase Mandate, the Share Issue Mandate, the Extension Mandate and the re-election of Directors are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
By Order of the Board
LI Zhenjiang
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with all the information necessary for your consideration of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES

The Listing Rules permit a company with primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval of a particular transaction.

(b) Source of funds

Repurchases must be made out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Trading restrictions

The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10% of the existing issued share capital as of the date of resolution passed on the grant of a repurchase mandate may be repurchased on the Stock Exchange. A company may not issue or announce an issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a company shall not repurchase shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a company from repurchasing its own securities on the Stock Exchange if the repurchase would result in the number of that company's listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Listing Rules.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued Share capital of the Company comprised 827,000,000 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 82,700,000 Shares (representing 10% of the total nominal value of the Shares in issue as at the Latest Practicable Date).

3. REASON FOR REPURCHASES

The Directors are of the view that the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and its assets and/or its earnings per share of the Company and will only be made when the Directors are of the view that such a repurchase will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilized in this connection, including profits of the Company or out of a fresh issue of Shares made for such purpose of the repurchase or, if authorized by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles and subject to the Companies Law, out of capital of the Company. The Company may not repurchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report for the year ended 31 December 2006 in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing positions which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date:

	per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
March	6.500	5.050
April	7.050	5.650
May	6.450	5.450
June	6.050	5.550
July	5.900	5.400
August	5.850	5.000
September	5.150	4.500
October	4.880	4.550
November	4.850	4.300
December	4.750	4.100
2007		
January	5.640	4.500
February	6.350	5.100
March (up to the Latest Practicable Date)	5.790	5.010

6. SHARE REPURCHASE MADE BY THE COMPANY

No repurchases have been made by the Company of its Shares in the six months prior to the Latest Practicable Date.

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and the regulation set out in the Articles.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates, has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Share to the Company under the Repurchase Mandate.

No other connected persons (as defined in the Listing Rules) has notified the Company that they have a present intention to sell any Share to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised by the Board.

8. EFFECT OF TAKEOVERS CODE

If, as a result of the exercise of the repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, 600,000,000 Shares are beneficially owned by Sinovest, which in turn is owned as to approximately 79.4% by Forway Investment Limited. Accordingly, Forway Investment Limited is deemed to be interested in the 600,000,000 Shares under the SFO. The entire issued share capital of Forway Investment Limited is owned by Trustcorp Limited in its capacity as the trustee of The Li Family 2004 Trust, a discretionary trust, the founder (as defined in the SFO) of which is Mr. Li Zhenjiang and the discretionary objects of which are family members of Mr. Li Zhenjiang (excluding Mr. Li Zhenjiang himself). Accordingly, Trustcorp Limited, Mr. Li Zhenjiang and Forway Investment Limited are respectively deemed to be interested in the 600,000,000 Shares (representing approximately 72.55% of the total issued share capital of the Company as at the Latest Practicable Date) under the SFO. In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, then, (if the present shareholding remains the same) the attributable interests of Trustcorp Limited, Mr. Li Zhenjiang and Forway Investment Limited would be increased to approximately 80.61% of the issued share capital of the Company. The Directors are of the view that such an increase will not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

In the event that the Directors exercise in full the power to repurchase Share under the Repurchase Mandate, the number of Shares held by the public may fall below 25%. However, the Directors do not intend to exercise the Repurchase Mandate so as to reduce the issued share capital of the Company in public hands to less than 25% (or the relevant prescribed minimum percentage required by the Stock Exchange from time to time).

The following are the details of Directors who are proposed to be re-elected at the AGM in accordance with the Articles:

- (1) **LI Huimin**, aged 39, an executive Director, graduated from Hebei Party School (河北省委黨校) in 1997 where he majored in economic administration. He is primarily responsible for the marketing and sales of the Group's products and, since joining the Group in 1992, focused on sales and marketing. Immediately prior to the corporate reorganisation in preparation of the listing of the Company in 2004, Mr. Li Huimin was the sales and marketing manager of Shineway Medical. He has developed a deep understanding of sales management in the PRC Chinese medicine industry with more than 12 years' experience.

Mr. Li has entered into a service contract with the Company for a term of two years from 1 October, 2006. The aggregate remuneration payable for the 3 months ended 31 December 2006, year ending 31 December 2007 and the 9 months ending 30 September 2008 is HK\$179,009, HK\$716,038 and HK\$537,028 respectively. According to the service contract of Mr. Li, he is entitled to an annual director's fee of HK\$50,000 and an annual salary of HK\$666,038, both of which will be adjusted as from 1 January 2008 at an incremental rate of 5%. The emoluments of Mr. Li were determined with reference to his duties and responsibilities within the Group and the Group's emolument policy as determined by the Board. Mr. Li is also entitled to a discretionary bonus to be determined by the Board at the Board's absolute discretion (and approved by its duly appointed remuneration committee) having regard to the performance of the Group, provided that the aggregate amount of the bonus payable to all Directors in respect of any financial year shall not exceed 5% of the audited consolidated net profits after taxation but before extraordinary items of the Company for the relevant financial year. There will be no change to Mr. Li's service terms upon his re-election until the date of termination of his service contract.

Save as disclosed above, Mr. Li has not held directorships in any other listed public companies in the last three years and has not held any other position with the Company and other members of the Group. Mr. Li is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In relation to the re-election of Mr. Li Huimin as Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

- (2) **REN Dequan**, aged 63, an independent non-executive Director since July 2006, was graduated from East China Chemical Industry Institute (now known as East China Engineering University). He has previously served as the deputy general manager of China Medicinal Herbs Corporation, director of science and technology education of National Medicine Administrative Bureau, general manager of China Pharmaceuticals

Corporation, assistant commissioner of National Chinese Medicine Administrative Bureau and assistant commissioner of National Drugs Surveillance Administrative Bureau. From March, 2003 to March, 2005, he was appointed as assistant commissioner of National Food and Drugs Surveillance Administrative Bureau. In 2005, he has retired and was appointed as the honorary president of the Modern Chinese Medicine International Association.

Mr. Ren has entered into a letter of appointment with the Company. The appointment of Mr. Ren as an independent non-executive Director is for a term of two years from 3 July 2006. The annual aggregate director's fee payable for the six months ended 31 December 2006, the year ending 31 December 2007 and the six months ending 30 June 2008 is approximately RMB60,000, RMB120,000 and RMB60,000. The emoluments of Mr. Ren were determined with reference to his duties, responsibilities and experience, as well as the Group's emolument policy for independent non-executive Directors. There will be no change to Mr. Ren's service terms upon his re-election.

Save as disclosed above, Mr. Ren has not held directorships in any other listed public companies in the last three years and has not held any other position with the Company and other members of the Group. Mr. Ren is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In relation to the re-election of Mr. Ren Dequan as Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

- (3) **LI Kung Man**, aged 50, an independent non-executive Director since November 2004, is a fellow of the Chartered Association of Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Polytechnic University in 1980 with a Higher Diploma in Accountancy (HKICPA/ACCA). Mr. Li Kung Man has accumulated over 20 years' experience in accounting and finance and has previously worked for CLP Holdings Ltd (Stock Code: 002) and PricewaterhouseCoopers. He is currently a director of Freeway International Holdings Limited and De Welt Mobile Commerce Limited. He was also an independent non-executive director of Guangdong Kelon Electrical Holdings Company Limited (Stock Code: 921) up to 26 June 2006, a company listed on the Main Board of the Stock Exchange, and AKM Industrial Company Limited (Stock Code: 8298), a company listed on the Growth Enterprise Market of the Stock Exchange.

No service contract has been entered into between the Company and Mr. Li. Mr. Li is not appointed for a specified term or proposed length of service with the Company but is subject to retirement by rotation and re-election pursuant to the Bye-laws of the Company. He is entitled to an annual director's fee of HK\$120,000, which is determined with

reference to his duties, responsibilities and experience. Other than his annual director's fee, Mr. Li has not received any other emoluments from the Company. There will be no change to Mr. Li's service terms upon his re-election.

Save as disclosed above, Mr. Li has not held directorships in any other listed public companies in the last three years and has not held any other position with the Company and other members of the Group. Mr. Li is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In relation to the re-election of Mr. Li Kung Man as Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

- (4) **CHENG Li**, aged 47, an independent non-executive Director since July 2006, is a partner of Commerce & Finance Law Office. She has a legal science bachelor's degree and the legal science master's degree from the law department of Japan Specially Repairs University. She also studied in Japan and Chinese Investment Trade Promotion Association. She joined Commerce & Finance Law Office in 1995 and became a partner of Commerce & Finance Law Office in 2005. She is currently a member of Beijing Lawyer Association.

Ms. Cheng has entered into a letter of appointment with the Company. The appointment of Ms. Cheng as an independent non-executive Director is for a term of two years from 3 July 2006. The annual aggregate director's fee payable for the six months ended 31 December 2006, the year ending 31 December 2007 and the six months ending 30 June 2008 is approximately RMB60,000, RMB120,000 and RMB60,000 respectively. The emoluments of Ms. Cheng were determined with reference to her duties, responsibilities and experience, as well as the Group's emolument policy for independent non-executive Directors. There will be no change to Ms. Cheng's service terms upon her re-election.

Save as disclosed above, Ms. Cheng has not held directorships in any other listed public companies in the last three years and has not held any other position with the Company and other members of the Group. Ms. Cheng is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. She does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In relation to the re-election of Ms. Cheng Li as Director, there is no information which is discloseable nor is/was she involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.



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)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of China Shineway Pharmaceutical Group Limited (the “Company”) will be held at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 April 2007, for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of directors and auditors for the year ended 31 December 2006.
2. To declare a final dividend and special dividend for the year ended 31 December 2006.
3. To re-elect directors and to authorize the board of directors to fix the remuneration of the directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditors and to authorize the board of directors to fix their remuneration.
5. To consider, as special business and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(A) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of shares of the Company which the directors of the Company are authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the law to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked, varied or renewed by an ordinary resolution of the shareholders of the Company in general meeting.”

(B) **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, other than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company; or (iv) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

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- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the law to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied or renewed by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

- (C) “**THAT** subject to the passing of the Resolution nos.5A and 5B set out in the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Resolution no.5B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares capital of the Company repurchased by the Company under the authority granted pursuant to Resolution no.5A set out in the notice convening this meeting, provided that such extended amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By Order of the Board of
China Shineway Pharmaceutical Group Limited
LI Zhenjiang
Chairman

Hong Kong, 2 April 2007

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Notes:

1. Any member of the Company entitled to attend and vote at the meeting (or any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's principal place of business in Hong Kong at Suite 5201, 52nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Friday, 20 April 2007 to Tuesday, 24 April 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 April 2007.
4. With regard to item no. 3 in this notice, the board of directors of the Company proposes that the retiring Directors namely, Mr. LI Huimin, Mr. REN Dequan, Mr. LI Kung Man and Ms. CHENG Li be re-elected as Directors of the Company. Details of these Directors are set out in Appendix II to the circular to shareholders of the Company dated 2 April 2007.
5. As at the date of this notice, the executive directors of the Company are Mr. LI Zhenjiang, Ms. WANG Zhihua, Ms. XIN Yunxia, Mr. LI Huimin, Mr. HUNG Randy King Kuen and the independent non-executive directors of the Company are Mr. REN Dequan, Mr. LI Kung Man and Ms. CHENG Li.