



Sales in Eastern and Southern China recorded Impressive Growth

China Shineway recorded impressive growth of 136% in sales to the eastern and southern regions of China during the first three months of 2006 as compared to the same period of last year. The eastern region includes the Shandong, Jiangsu, Zhejiang provinces. The southern region includes the Guangdong, Guangxi and Hainan provinces.

The impressive growth was a result of the implementation of China Shineway's regional strategy to strengthen marketing effort of our core and emerging products in these two regions.

China Shineway Eyes on New Market Opportunity from Government Subsidy on Medicines for Farmers

According to the report of "China Securities Daily", China is initiating a reform in provision of medical care for the 900 million of farmers. The "New Farming Village Medical Care Cooperative"(新型農村合作醫療) initiation is expected to be implemented nationally by 2008 and would potentially generate a new market opportunity of RMB 45 billion based on estimated annual subsidy and spending of RMB 50 per individual on medicines.

China Shineway believes that it will certainly benefit from this potential market opportunity with our strong product portfolio which carries famous brand Chinese medicines of good efficacy, superb quality and affordable price.

The Construction of New Logistic Center Is Nearly Completed

The construction and installation of fixture and equipment of China Shineway's new logistic center was near its final stage. Upon final inspection and trial run, it will be ready for use in the 3rd quarter of this year.

The new logistic center will increase the storage capacity of China Shineway by approximately 1.5 times and boost efficiency in inbound and outbound logistic significantly to cope with the business growth of the company.