

**[For Immediate Release]**



## **China Shineway Announces Encouraging Interim Results Net Profit Surged by 11.5% to RMB 170,761,000**

**\* \* \***

### **Net Profit Margin Widened to 46%**

#### **Financial Highlights**

<b>RMB'000</b>	<b>For the six months ended 30 June,</b>		
	<b>2005</b>	2004	Change (%)
Turnover	<b>371,735</b>	336,546	+10.5
Gross profit	<b>251,672</b>	219,306	+14.8
Net profit	<b>170,761</b>	153,164	+11.5
Basic EPS (RMB)	<b>0.21</b>	0.24	-12.5
Interim dividend per share (RMB cents)	<b>10</b>	-	-

(18 August 2005 – Hong Kong) – **China Shineway Pharmaceutical Group Limited** ('Shineway' or the 'Group'; HKSE code: 2877), a leading manufacturer of modern Chinese medicine in the PRC, announced today its encouraging interim results for the six months ended 30 June 2005.

During the period under review, the Group's turnover amounted to RMB 371,735,000, representing a growth of 10.5% as compared with the corresponding period in the previous year. As a result of the Group's success in its business strategies, profit attributable to shareholders recorded an impressive growth of 16.9% to RMB 170,761,000. Basic earnings per share were RMB 0.21, a decrease of 12.5% over the corresponding period last year due to the issue of 230,000,000 new shares in December 2004. Taken out such effect, the earnings per share would be RMB0.28, representing a 16.7% increase.

The Board of Directors recommend the payment of an interim dividend of RMB 10 cents for the six months ended 30 June 2005.

Commenting on the Group's encouraging interim results, Mr. Randy Hung, Executive Director of Shineway, said, "Shineway is now the largest manufacturer of Chinese medicine injection products in terms of sales volume and production capacity. To pave way for further growth, we continue to refine our product mix, enhance our distribution network, foster cooperation with distributors and extend our market coverage. Following the expansion of our Chinese medicine extraction workshop which tripled our extraction capacity to 5,400 tonnes per annum, coupled with strong product commercialization capability and supported by an extensive network, we are well positioned to capture future growth."

Injection products formed the Group's major revenue stream, accounting for 55.4% of the total turnover. For the six months ended 30 June 2005, the Group sold approximately RMB 205,922,000 injection products, an increase of 23.9% as compared with the same period in the previous year. Sales of Shen Mai injection and Qing Kai Ling injection, two of the Group's core products, increased by 23.3% and 19.5% respectively.

Sales of soft capsule products recorded a slight decrease of 1.8% to RMB 119,184,000. This is mainly caused by the Group's efforts in rationalising its distribution network in the beginning of the year to promote further efficiency. Nevertheless, the Group's emerging product, Huo Xiang Zheng Qi soft capsules used to treat heat stroke, stomach ache, nausea and diarrhoea, recorded a 158% year-on-year robust growth in sales revenue to RMB 32,000,000, which accounted for 8.6% of the Group's total turnover.

During the first half of the year, sales of granules saw a slight decline of 2.8%, which was mainly attributable to the strategic arrangement to maintain stable sales in the first half of the year and to accomplish growth in the second half of the year.

The Group commenced the construction of a new logistic centre in the first half of 2005 to cope with business growth. The new logistic centre will enhance the Group's capacity and efficiency in handling and distributing products to its customers. The construction is expected to be completed in the beginning of 2006.

The Group made significant progress in R&D during the period under review and obtained a Certificate of New Medicine for Xue Se Tong drop pill which offers a protection period of 5 years. Furthermore, it obtained certificates of State Protected Chinese Medicine with a protection period from 2005 to 2012 for Indigowoad Root oral tablet, Guan Xin Ling injection and Paediatric Hua Tan Zhi Ke granule. Jiang Zhi Tong Luo soft capsule was included in the 2005 State Key New Product Plan by the Ministry of Science and Technology.

Currently, there are 17 potential new products research projects which are either undergoing pharmaceutical and clinical trial or have completed clinical trial. Among these projects are 5 products used for treatment of cardiovascular diseases, 2 products for treatment of digestive system, 1 product for anti-viral treatment and 1 product for treatment of cervical vertebra diseases. All of these research projects are progressed in line as planned.

Looking ahead, Mr. Hung said, "The Group will continue to implement its defined strategies and strive to achieve fruitful results in the second half of the year and further into the future. We will continue to enhance our product mix, refine and further extend the coverage of our distribution network, foster closer ties with distributors and terminal customers, and continue with our R&D efforts in commercializing Chinese medicines with high growth potential. We will leverage on our strengths in brand awareness, ability to produce high quality products and economies of scale to further enhance our market leadership, and thereby generating lucrative returns for our shareholders and investors."

- End -

### **Company Background**

China Shineway Pharmaceutical Group Limited is one of the largest Chinese medicine manufacturers in the PRC. Listed on the Main Board of Hong Kong Stock Exchange in 2004, Shineway recorded the highest profit among all listed Chinese pharmaceutical companies on Hong Kong Stock Exchange for the financial year 2004, and has been selected as one of the Hang Seng Composite Index constituents.

For further information, please contact:

**iPR ASIA LTD**

**[www.iprasia.com](http://www.iprasia.com)**

Katie Tsui/ Antonia Au / Gary Li / Harriet Lau

Tel: (852) 2136 6955/ 2136 6176 / 2136 6178 / 3170 6750

Fax: (852) 2136 6068

E-mail: [katietsui@iprasia.com.hk](mailto:katietsui@iprasia.com.hk) / [antoniaau@iprasia.com.hk](mailto:antoniaau@iprasia.com.hk) /  
[garyli@iprasia.com.hk](mailto:garyli@iprasia.com.hk)/ [harrietlau@iprasia.com.hk](mailto:harrietlau@iprasia.com.hk)