

For more information, please contact:
 JOVIAN Financial Communications Ltd
 Tracey Tong / Apple Chuang / Grace Xu
 Tel No.: +(852) 2581 0168
 Fax No.: +(852) 2854 2012
 Email: grace.xu@joviancomm.com

**China Shineway Announced its 2006 Interim Results
 Net Profit Increased 1.4% to RMB173.2 Million
 Declared Interim Dividend of RMB10 Cents Per Share**

FINANCIAL HIGHLIGHT

| RMB million | For the six months ended 30 June | | |
|---|----------------------------------|-------|-------------|
| | 2006 | 2005 | Changes (%) |
| Turnover | 418.3 | 371.7 | +12.5% |
| Operating Profit | 199.5 | 182.0 | +9.6% |
| Net Profit | 173.2 | 170.8 | +1.4% |
| Basic EPS (RMB cents) | 21 | 21 | - |
| Interim dividend per share (RMB cents) | 10 | 10 | - |

(HONG KONG, 16 August 2006) - **China Shineway Pharmaceutical Group Limited** ("Shineway", and collectively with its subsidiaries, the "Group" Stock code: 287) today announced its interim results. For the six months ended 30 June 2006, the Group recorded a turnover of approximately RMB418,313,000, representing an increase of approximately 12.5% as compared with the same period of last year. Operating profit increased by approximately 9.6% over the corresponding period of last year, amounting to approximately RMB199,496,000. Profit attributable to shareholders was approximately RMB173,204,000, representing a growth of approximately 1.4% compared with previous year. The modest growth of net profit was mainly affected by the increase of income tax rate this year. Basic earnings per share were approximately RMB21 cents. For the six months ended 30 June 2006, the Board of Directors declared an interim dividend of RMB10 cents per share.

Chinese medicine injection products are the Group's major revenue stream, accounting for approximately 52.6% of total turnover. For the six months ended 30 June 2006, the Group sold approximately RMB220,148,000 of injection products, representing an increase of approximately 6.9% compared with the same period of last year. Amongst these products, Qing Kai Ling injection, Shu Xie Ning injection, and Huang Qi injection recorded impressive sales growth of approximately 21.1%, 332.8% and 50.3% respectively. Sales of Shen Mai injection decreased by approximately 19.7% during the period under review and therefore injection products did not reach the growth target for the reporting period. However, market demand for Chinese medicine injection products remains strong and the Group will continue to focus on development of injection products and implement strategy to strength the distribution network and points of sales in order to expand market coverage. The Group believes that Chinese medicine injection products will continue to be the product format with the highest growth potential.

Sales of the Group's soft capsule products amounted to approximately RMB141,882,000, an increase of approximately 19.0% as compared with the corresponding period of last year. It was mainly attributable to the increase in sales of Wu Fu Xin Nao Qing soft capsule and Huo Xiang Zheng Qi soft capsule. During the period under review, sales of Wu Fu Xin Nao Qing soft capsule and Huo Xiang Zheng Qi soft capsule recorded an increase of approximately 9.9% and 61.6% respectively over last year.

For the first six months in 2006, sales of granules increased by approximately 16.0% as compared with the corresponding period of last year, amounting to approximately RMB49,331,000. It was the results from the Group's strategy of strengthening the marketing effort of those popular granules to secure a stable growth in granule products.

During the period under review, the progress of research and development was progressing satisfactory. "A hawthorn leaf injection for treatment of cardiovascular disease" invented by the Group was awarded the invention patent certificate by the Intellectual Property Office of the PRC and the certificate of State Protected Chinese Medicine for Jian Yang Pian was renewed to extend its protection period from 2006 to 2013. At present, the Group has 13 medicines under the state protection scheme. Furthermore, there are 22 product research projects which are either undergoing pharmaceutical and clinical trial or have completed clinical trial. Among these projects are 10 products used for treatment of cardiovascular diseases, 2 products for treatment of digestive system illness and 3 products for anti-viral treatment. All of these research projects are progressed in line as planned.

Looking forward, during the 11th Five-Year Plan period, the Chinese government is determined to increase investments in public health care, and improve public health and medical service system, reasonably deploy medical resources, in order to continue its support to the development of the Chinese medicines and promote the modern Chinese medicine industry. China is determined to enhance its development of community health services by establishing the new rural cooperative health care system in pilot areas, which will shore up the continuous growth of demand in domestic medicine market.

The Group will leverage on the high potential opportunities through enhancing its product mix, rationalizing its distribution channels, strengthening point of sales and implementing regional expansion strategies in order to achieve better performance and returns to the shareholders and investors for the second half of the year.

About China Shineway Pharmaceutical Group Limited (Stock Code: 2877)

China Shineway Pharmaceutical Group Limited is one of the largest modern Chinese medicines manufacturers in PRC. Listed on the Main Board of Hong Kong Stock Exchange, Shineway recorded the highest operating profit among all HKEX listed pharmaceutical companies in 2004 and 2005, and has been a Hang Seng Composite Index constituent.

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