CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02877)

PROFIT WARNING

This announcement is made by China Shineway Pharmaceutical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Group's unaudited consolidated management accounts for the six months ended 30 June 2016, the Group's profit attributable to the owners of the Company for the six months ended 30 June 2016 is expected to decrease by approximately 30% as compared with that of the corresponding period in 2015. The Group recorded an unaudited profit attributable to the owners of the Company of RMB385,493,000 for the six months ended 30 June 2015.

The expected decrease in profit attributable to the owners of the Company is mainly due to the decreases of average selling price and sales volume of the Group's pharmaceutical products as compared with those of the corresponding period in 2015 which, in turn, lowered the gross profit for the period. The Group has implemented various effective cost control measures which had driven the administrative costs considerably lower. Yet, amortization expense of intangible assets arising from the acquisitions during restructuring of new business areas of the Group caused the overall administrative expenses to increase slightly as compared to same period of last year. The Group has strengthened the development of new products leading to increase in research and development costs for the period.

The information contained in this announcement is only based on the Board's preliminary assessment with reference to the Group's unaudited consolidated management accounts for six months ended 30 June 2016, which as at the date of this announcement are yet to be reviewed or audited by the Company's auditors and may therefore be subject to change. The Group's interim results for the six months ended 30 June 2016 are expected to be announced before the end of August 2016 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Shineway Pharmaceutical Group Limited
Li Zhenjiang
Chairman

Hong Kong, 3 August 2016

As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Xin Yunxia, Mr. Li Huimin, Ms. Lee Ching Ton Brandelyn, and Mr. Chen Zhong; and the independent non-executive Directors are Mr. Hung Randy King Kuen, Ms. Cheng Li and Mr. Sun Liutai.