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**CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2877)**

**ADOPTION OF A NEW DIVIDEND POLICY**

This announcement is made by China Shineway Pharmaceutical Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 of the Laws of Hong Kong).

**Review of the Dividend Policy**

The Company’s income and its ability to pay dividends are dependent upon, among other things, the dividends received from its subsidiaries, which, in turn, depend on such subsidiaries’ distributable profits, operating results, financial conditions, capital expenditure plans and other macro and micro factors, including but not limited to the locations of operations. In light of the latest operating conditions in the People’s Republic of China (the “**PRC**”), the Group has completed a capital increase in a subsidiary in the PRC in the amount of approximately US\$78 million. The aforesaid capital increase will affect the distributable profits of the Group and similar arrangements may be conducted in the future in response to actual needs. Therefore, after reviewing the current dividend policy, the Board of directors of the Company (the “**Board**”) considers it necessary to revise the current dividend policy in order for such revision to enhance the flexibility to meet the future operational needs in the PRC and improve the application of funds by the Group so as to satisfy the interests of the Company as a whole. As disclosed in the announcement of the Company dated 19 July 2021, the interim results announcement dated 31 August 2021 and the interim report published on 23 September 2021, the Board will review the dividend policy from time to time to ensure its effectiveness and make adjustments when necessary.

**New Dividend Policy**

The Board has approved and adopted a new dividend policy (the “**New Dividend Policy**”) effective on 24 December 2021. Accordingly, the dividend policy as set out in the announcement of the Company dated 19 July 2021 is repealed.

The New Dividend Policy is as follows:

The Company may declare and distribute final dividends, interim dividends and special

dividends as determined by the Board from time to time. The distribution of dividends by the Company is subject to: (1) the financial performance of the Company; (2) the reasonable return in investment of the investors and the Shareholders in order to provide them with incentives in furtherance of their support in the Company's long-term development; (3) the future development needs of the Company; (4) the general market conditions; and (5) other factors deemed appropriate by the Board.

Any distribution of dividends shall be in accordance with the applicable laws and the relevant provisions in the Articles of Association of the Company effective from time to time.

**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, 24 December 2021

*As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Xin Yunxia, Mr. Li Huimin and Mr. Chen Zhong; the non-executive Director is Mr. Zhou Wencheng and the independent non-executive Directors are Ms. Cheng Li, Prof. Luo Guoan and Mr. Liu Shun Fai.*