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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(2)(a) 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).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) is pleased to announce that the Company anticipates that dividends in a total of RMB60 cents per share will be declared and distributed in the calendar year of 2021 (included the final dividend of RMB21 cents per share in respect of the year ended 31 December 2020, which has been paid out on 17 June 2021). The Company will comply with Rule 13.43 of the Listing Rules when a date for a meeting of the Board is fixed to decide the declaration, recommendation or payment of such dividends, and Rule 13.45 of the Listing Rules after the approval at the meeting of the Board.

Furthermore, the Board has approved and adopted a new dividend policy (the “**New Dividend Policy**”) effective on 19 July 2021. Accordingly, the dividend policy as set out in the 2020 annual report of the Company is repealed.

The New Dividend Policy is as follows:

Increase in dividends to be distributed each year

From the calendar year of 2022 onwards, the dividends to be distributed in each calendar year shall be increased by no less than one of the following, whichever is higher:

- (i) 15%; or
- (ii) the percentage of increase in net profit for the year (without regard to one-time non-recurring profit and loss items) of the preceding year as reported by the Company in the announcement of the Group’s annual results.

Timing of dividend payments

From the calendar year of 2022 onwards, the dividends as declared by the Company shall be paid out to the shareholders of the Company four times a year at quarterly intervals in the form of interim dividends.

Special dividend

Special dividend may be declared and distributed from time to time as the Board thinks fit.

Review of the New Dividend Policy

The Board believes that the New Dividend Policy shall bring rewarding return to shareholders of the Company and will review the New Dividend Policy, as appropriate from time to time, to ensure the effectiveness of the New Dividend Policy.

Any distribution of dividends shall be in accordance with the applicable laws and the relevant provisions of 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, 19 July 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. Cheung Chun Yue Anthony.