TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 120000000004711)
(Incorporated in the People's Republic of China)

UPDATE ON RECALL OF A PRODUCT FROM HONG KONG

The board of directors (the "Board") and every individual directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Company") hereby confirm that they will individually and collectively accept full responsibility for the accuracy of the information given in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

1. INTRODUCTION

The Board refers to the previous announcements by the Company on 20 April 2016, 22 April 2016 and 26 April 2016 in relation to the recall of a product from Hong Kong (the "**Prior Announcements**").

Capitalised terms not defined herein shall bear the same meaning as terms defined in the Prior Announcements.

As disclosed in the Prior Announcements, pursuant to the recall of the Product from Hong Kong, the China Food and Drug Administration has ordered the cessation of production at the LSR Factory, and the Company has taken measures to avoid similar incidents from occurring in the future. On 28 April 2016, the Tianjin Market and Quality Supervision Committee announced that the LSR Factory has breached the *Regulations of Drug Manufacturing Practices*, and in accordance with Regulation 33, the Tianjin Market and Quality Supervision Committee will withdraw the LSR Factory's pharmaceutical GMP (Good Manufacturing Practices) Certification for manufacturing tablets.

Regulations 33 and 34 of the *Regulations of Drug Manufacturing Practices Certification* are set out below for reference:

(i) Regulation 33:

The drug GMP Certification shall be withdrawn by the drug supervision authority in the following events:

a. a company's production segment fails to meet the GMP requirements;
b. a company ceases its production for inspection due to a breach of the regulations; or
c. other circumstances that require the withdrawal of the drug GMP Certification.

(ii) Regulation 34:

Upon the withdrawal of the drug GMP Certification by the drug supervision authority, the drug supervision authority shall procure the company to rectify the issues. After

the completion of the rectification, the company shall report to the drug supervision authority for the drug supervision authority's inspection. In the event that the inspection results are satisfactory to the drug supervision authority, the drug GMP Certification shall be reinstated to the company.

The Company will make further announcements in due course as and when there are material developments on the above.

By order of the Board
28 April 2016