

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 120000000004711)

(Incorporated in People's Republic of China)

Extension of Time for Tianjin Pharmaceutical Group Co., Ltd to fulfill its undertakings

The board of directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Board") collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm after making 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.

The Board refers to the previous announcement by the Company on 19 November 2012 in relation to the Proposed Share Transfer and the announcement on 7 January 2015 in relation to the Proposed Placement (the "**Prior Announcements**").

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

The Board wishes to announce that the Company has received a notice from Tianjin Pharmaceutical Group Co., Ltd ("**TPG**") requesting for an extension of time (the "**Extension**") to fulfill its undertakings (as set out below). The meetings of the board of directors and the board of supervisors were both duly convened on 11 January 2016. Pursuant to the *Guideline No. 4 for the Supervision of Listed Companies – Commitments and Fulfillment of Commitments of the Actual Controllers, Shareholders, Affiliates, and Acquirers of Listed Companies as Well as the Listed Companies* (《上市公司监管指引第四号——上市公司实际控制人、股东、关联方、收购人以及上市公司承诺及履行》), the details of the Extension are set out below.

1. Extension

1.1 Details of the previous undertakings

As part of the Waiver Application for the Proposed Share Transfer in 2012, TPG had previously undertaken to transfer (either via share sale or asset sale) its subsidiaries involved in the manufacture of traditional Chinese Medicine (i.e. Tianjin Chinese Medicinal Slices Co., Ltd.) to the Company or independent third parties by 26 November 2015.

As part of the approval process for the Proposed Placement, TPG had previously stated that as at the date of the non-compete undertaking, except for Tianjin Chinese Medicinal Slices

Co., Ltd. (an indirect subsidiary of TPG), TPG did not have any subsidiaries that are in competition with the Company's manufacturing business segment. TPG had then undertaken to reduce its shareholding in Tianjin Chinese Medicinal Slices Co., Ltd. to 45% or less by 31 October 2015.

1.2 Notice from the CSRC

TPG has received a notice (the "**Notice**") from the CSRC on 8 January 2016, the details of which are set out below:

The CSRC has noted that TPG did not complete the above two undertakings within the relevant timelines. Therefore, pursuant to the *Guideline No. 4 for the Supervision of Listed Companies – Commitments and Fulfillment of Commitments of the Actual Controllers, Shareholders, Affiliates, and Acquirers of Listed Companies as Well as the Listed Companies* (《上市公司监管指引第四号——上市公司实际控制人、股东、关联方、收购人以及上市公司承诺及履行》), TPG shall submit a rectification report to the CSRC by 22 January 2016.

In the event TPG objects to the Notice, TPG can either appeal to the CSRC within 60 days or appeal to the courts within 6 months. During such appeal, the Notice shall remain effective.

TPG intends to comply with the *Guideline No. 4 for the Supervision of Listed Companies – Commitments and Fulfillment of Commitments of the Actual Controllers, Shareholders, Affiliates, and Acquirers of Listed Companies as Well as the Listed Companies* (《上市公司监管指引第四号——上市公司实际控制人、股东、关联方、收购人以及上市公司承诺及履行》), and will endeavour to fulfil the above two undertakings and submit the rectification report as requested by the CSRC.

1.3 Rationale for the Extension

At the beginning of 2015, TPG had started to procure the transfer of the shareholdings in Tianjin Chinese Medicinal Slices Co., Ltd. to comply with the above two undertakings. However, as Mr. Zhang Jian Jin (chairman of the board of directors of TPG) and Mr. Ma Gui Zhong (director of TPG) have been asked to assist the Tianjin Commission for Discipline Inspection (天津纪律检查委员会) in investigations into possible violations of PRC laws and regulations, the decision-making procedures and approval procedures of TPG could not be completed within the relevant timelines, which resulted in the above two undertakings not being fulfilled by TPG. During this period, Tianjin Chinese Medicinal Slices Co., Ltd. was not in competition with the Company's manufacturing business segment.

1.4 Undertakings after the Extension

TPG has requested for an extension of time to 31 December 2016 to fulfil the above undertakings. Therefore, TPG will undertake that:

- (a) TPG shall transfer (either via share sale or asset sale) its subsidiaries involved in the manufacture of traditional Chinese Medicine to the Company or independent third parties by 31 December 2016;
- (b) as at the date of this undertaking, except for Tianjin Chinese Medicinal Slices Co., Ltd. (an indirect subsidiary of TPG), TPG does not have any subsidiaries that are in competition with the Company's manufacturing business segment. TPG shall reduce its shareholding in Tianjin Chinese Medicinal Slices Co., Ltd. to 45% or less by 31 December 2016.

2. Opinions from the Independent Directors

The Board is of view that the Extension is in compliance with the *Guideline No. 4 for the Supervision of Listed Companies – Commitments and Fulfillment of Commitments of the Actual Controllers, Shareholders, Affiliates, and Acquirers of Listed Companies as Well as the Listed Companies* (《上市公司监管指引第四号——上市公司实际控制人、股东、关联方、收购人以及上市公司承诺及履行》), the decision-making procedures and approval procedures of the Extension are in compliance with the *Company Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (《上海证券交易所股票上市规则》) and the *Articles of Association of the Company* and will not be prejudicial to the interests of the Company and the minority shareholders of the Company. The Board agrees that approval for the Extension be sought from the Company's shareholders at a general meeting.

3. Opinions from the Supervisory Committee

The board of supervisors is of view that the Extension are in compliance with the *Guideline No. 4 for the Supervision of Listed Companies – Commitments and Fulfillment of Commitments of the Actual Controllers, Shareholders, Affiliates, and Acquirers of Listed Companies as Well as the Listed Companies* (《上市公司监管指引第四号——上市公司实际控制人、股东、关联方、收购人以及上市公司承诺及履行》), the decision-making procedures and approval procedures of the Extension are in compliance with the *Company Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (《上海证券交易所股票上市规则》) and the *Articles of Association of the Company* and will not be prejudicial to the interests of the Company and the minority shareholders of the Company.

4. Impact on the Company

The Extension will not have an adverse impact on the Company's operating results, and will not be prejudicial to the interests of the Company and the minority shareholders of the Company.

By order of the Board of Directors

11 January 2016