

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.: 120000000004711)

(Incorporated in the People's Republic of China (the "PRC"))

NOTICE OF CHANGE OF SHAREHOLDING OF CONTROLLING SHAREHOLDER

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.

Introduction

1. The Board wishes to announce that on 21 January 2015, the following parties (the "**Transferring Parties**") transferred an aggregate of 236,206 "A" shares to the controlling shareholder of the Company, Tianjin Pharmaceutical Holdings Corporation Limited ("**TPH**"):

	Transferring Parties	Number of "A" Shares
1	Mr. Yao Lian Yun	4,264
2	CITIC Metal Co., Ltd.	51,162
3	Shandong Hongjitang Pharmaceutical Group Co., Ltd.	1,706
4	Tianjin Jinghaixian TCM Hospital	1,706
5	Tianjin Hepingqu TCM Hospital	1,706
6	Xiamen Yibao Property management Co., Ltd.	1,706
7	Tianjin Nankaiqu TCM Hospital	1,706
8	Tianjin Diversion Tunnel Engineering Management Office	1,706
9	Shanghai Mumin Investment Management Co., Ltd.	42,636
10	Huida Assets management Co., Ltd.	17,054
11	Nanjing Chinese and Western Pharmaceutical Co., Ltd.	8,528
12	Huaxia Securities Co., Ltd.	102,326
	Total	236,206

Rationale

2. When the Company was converted from a PRC state-owned enterprise to a company limited by shares in 1992, non-tradable "A" shares and tradable "A" shares were issued by the Company. The Company's shareholders subsequently approved a share reform exercise on 10 July 2006 (the "**Share Reform Exercise**") to convert

non-tradable "A" shares to tradable "A" shares. As part of the Share Reform Exercise, TPH and the other holders of non-tradable "A" shares, in proportion to their respective shareholdings, had to pay consideration (in the form of "A" shares) to the holders of tradable "A" shares (the "**Consideration Shares**").

3. At the time of the Share Reform Exercise in 2006, certain holders of non-tradable "A" shares (including the Transferring Parties listed in paragraph 1 of this announcement) were unwilling or unable to pay their portion of the Consideration Shares due to various reasons (the "**Non-Contributing Shareholders**"). TPH (as the controlling shareholder of the Company) had paid this portion of the Consideration Shares on behalf of the Non-Contributing Shareholders.
4. The Transferring Parties now intend to convert their non-tradable "A" shares into tradable "A" shares, and as a condition thereof, they are now required to repay TPH such number of "A" shares at nil consideration that have been previously paid by TPH on their behalf during the Share Reform Exercise.
5. The 236,206 "A" shares transferred by the Transferring Parties to TPH represent 0.03% of the issued share capital of the Company, and are transferred to TPH at nil consideration, as repayment to TPH as described in paragraph 4 above. Please refer to the Form 3 released by the Company on 21 January 2015 for more details of the change in the shareholding of TPH.

By order of the Board
21 January 2015