

**TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED**  
(Company Registration No. : 91120000103100784F)  
(Incorporated in the People's Republic of China)

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**RESPONSE TO QUERIES FROM THE  
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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*The board of directors (the “Board”) and every individual directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited 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.*

The board of Directors (the “**Board**”) of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 November 2016 as follows:

**Query 1**

**Please disclose more information on the use of the Placement proceeds as well as the progress of the Company’s plans which are financed by such proceeds.**

**Company’s Response**

The Board refers to the previous announcements made by the Company on 12 June 2014, 12 August 2014, 7 January 2015, 28 January 2015, 27 March 2015, 28 April 2015, 8 June 2015, 15 July 2015, 22 July 2015, 14 August 2015, 26 August 2015, 1 September 2015, 7 September 2015, 28 September 2015, 9 October 2015, 15 October 2015, 30 October 2015, 10 November 2015, 17 November 2015, 8 December 2015, 11 December 2015, 23 December 2015, 19 January 2016, 8 March 2016, 21 March 2016, 29 March 2016, 26 April 2016, 8 June 2016, 5 July 2016, 12 August 2016, 24 August 2016 and 26 August 2016 (the “**Prior Announcements**”), as well as the circular dated 1 August 2014 (the “**Circular**”) in relation to the Placement. Where applicable, capitalised terms not defined herein shall bear the same meaning as terms defined in the Prior Announcements and the Circular.

The Placement proceeds have been utilised in the manner approved by the Board pursuant to the resolutions passed at the 7<sup>th</sup> Board meeting for FY2016 that was duly convened on 24 August 2016, and such utilisation is also in compliance with the requirements of the *Administrative Measures of the Shanghai Stock Exchange for the Capital Raised by Listed Companies (2013 Revision)* (《上海证券交易所上市公司募集资金管理办法 (2013 年修订)》) and the *Administrative Measures of the Tianjin Zhong Xin Pharmaceutical Group Corporation Limited for the Raised Capital* (天津中新药业集团股份有限公司募集资金管理办法). In addition, the Projects are currently in progress and the Company will provide updates on material developments as and when appropriate.

**Query 2**

**Why does the Company need RMB 50 million (the “Loan”) of working capital to be extended to them from the joint venture company, Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (“TPGF”), as announced by the Company on 11 November 2016, when the**

## **Group has cash in excess of RMB 1 billion?**

### Company's Response

The interest rate chargeable on the Loan is lower compared to the other loans (with similar terms) that the Company can obtain from other financial institutions. Since the Company intends to repay the current short-term loans (with comparatively higher interest rates) that are maturing, the Company is of the view that obtaining the Loan from TPGF, rather than a loan from other financial institutions, will reduce the financing cost of the Company, optimise the allocation of funds and will not be prejudicial to the interests of the Company and its minority shareholders.

By order of the Board

Jiao Yan  
Company Secretary  
21 November 2016