TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 91120000103100784F)

(Incorporated in People's Republic of China)

DISCLOSURE ON THE SUPPLEMENT TO THE EXTENSION OF TIME FOR TIANJIN PHARMACEUTICAL GROUP CO.,LTD TO FULFILL ITS UNDERTAKING

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 announcements dated 7 January 2015, 28 April 2015, 11 January 2016 and 19 September 2017 in relation to the non-compete undertakings (the "**Prior Announcements**").

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

Supplement to the Extension of Time for Tianjin Pharmaceutical Group Co., Ltd to fulfill its undertaking

The Board wishes to announce that pursuant to the comments raised by Shanghai Stock Exchange, the Company is required to disclose further details in relation to the rationale for the Extension. The further disclosure is set out below, with the supplement in bold, underline and italics:

1. Extension

1.1 Details of the previous undertaking

As part of the approval process for the Proposed Placement, TPG had previously undertaken that in relation to the Company's sales business segment, TPG undertakes to transfer (either via shares or asset sales) its subsidiaries that are in this segment to the Company or independent third parties by 31 December 2017.

1.2 Rationale for the Extension

At the beginning of 2015, TPG had started to procure the transfer (the "**Transfer**") of more

than 50% of the shareholdings in Tianjin Pharmaceutical Group Taiping Pharmaceutical Co., Ltd. (“天津医药集团太平医药有限公司”) (the “**TPG Taiping**”) to the Company or independent third parties, as the case may be, in order to comply with the above undertaking. The Company understands that TPG Taiping is wholly owned by TPG. However, as the actual business operation of TPG Taiping is required to be further arranged, and in order to protect the interests of the minority shareholders of TPG, TPG has decided to postpone the fulfilment of TPG’ s obligations in the undertaking above.

1.3 Further Details in relation to the Rationale

TPG Taiping was incorporated on 29 September 1994 with a registered capital of RMB340,685,900. The legal representative of TPG Taiping is Mr. Feng Gui. The business scope of TPG Taiping includes the wholesale trading of Chinese medicine, Chinese herbal medicine, Chinese medicine Pieces, chemical raw materials and their preparations, antibiotics, biochemical drugs, biological products (including in vitro diagnostic drugs), narcotic drugs, the first class of psychotropic drugs, the second category of psychotropic drugs, protein assimilation agents, peptide hormones, and pharmaceutical products precursor chemicals, as well as the wholesale trading of health foods. TPG Taiping mainly engages in pharmaceutical professional promotion, marketing and agency.

The current status of TPG Taiping as is follows: (i) In accordance with the latest requirements regulating the transfer of state-owned assets, TPG Taiping’s capital verification work has been carried out. As at the date of this announcement, the valuation on TPG Taiping is expected to be completed by the end of October 2017; (ii) Certain non-performing assets, non-core business and non-strategic business (including one real estate company and one company engaged in the sale of medical devices) of TPG Taiping have been disposed of so as to facilitate further integration of TPG Taiping’s internal resources and to enhance the quality of its development; and (iii) In addition, TPG Taiping is currently addressing the issues in relation to its land, property and other important assets. The state-owned construction land use right transfer procedures are required to be followed for the transfer of the land and property of TPG Taiping. Upon communication with the relevant regulatory authority, TPG Taiping is currently preparing the materials and documents for the abovementioned procedures.

As the business operation and business structure of TPG Taiping is complex, in order to ensure greater transparency in dealing with the assets of TPG Taiping and to comply with the requirements of the state-owned assets supervision authority, TPG Taiping has incurred a considerable amount of time in carrying out the disposal of its assets, and addressing the issues of its land, property and other important assets. As at the date of the announcement, TPG Taiping is of the view that more time is needed for the completion of the abovementioned work and other work, including but not limited to the fund transfer and the allocation of employees. In addition, the approvals from the

state-owned assets supervision authority will need to be obtained for the disposal of assets of TPG Taiping, and TPG is also in the process of determining the transferee which will purchase the equity interest in TPG Taiping owned by TPG.

TPG will use its best efforts to expedite the Transfer and complete the Transfer by 31 December 2018, by taking the following steps:

- ***(i) To complete the valuation on TPG Taiping, and state-owned assets filing procedures;***
- ***(ii) To address the issues in relation to the land, property and other important assets; and***
- ***(iii) To determine the transferee of the Transfer.***

1.4 Undertaking after the Extension

TPG has requested for an extension of time to 31 December 2018 to fulfil the above undertaking. Therefore, TPG will undertake that in relation to the Company's sales business segment, TPG undertakes to transfer (either via shares or asset sales) its subsidiaries that are in this segment to the Company or independent third parties by 31 December 2018.

2. Board Meeting

The meetings of the board of directors was duly convened on 19 September 2017. The Extension has been approved by the full board of 6 directors.

3. 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.

4. 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.

5. 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.

6. Shareholders' approvals

The Extension is subject to the approval from the Company's shareholders in an extraordinary general meeting to be convened on 10 October 2017.

By order of the Board of Directors
21 September 2017