

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 120000000004711)

(Incorporated in the People's Republic of China)

UPDATE ON THE PLACEMENT IN RELATION TO THE CASH MANAGEMENT

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 refers to the previous announcements 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 and 1 September 2015 (the "**Prior Announcements**"), as well as the circular dated 1 August 2014 (the "**Circular**") in relation to the Placement.

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

1. INTRODUCTION

In order to improve the efficiency of the Use of Net Proceeds, to protect the interests of the Company and the Shareholders, pursuant to *Administrative Measures for the Sponsorship Business of the Issuance and Listing of Securities* (《证券发行上市保荐业务管理办法》), *Guideline No. 2 – Supervision Requirements of the Use and Management of the Proceeds of the Listed Companies* (《上市公司监管指引第2号—上市公司募集资金管理和使用的监管要求》), *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》) and *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)》), the 8th Board meeting for FY2015 was duly convened on 26 August 2015, pursuant to which the Board has passed the resolution to approve the deposit with banks and/or investment of up to RMB500,000,000 from the Net Proceeds in short-term investment products with high security and good liquidity (the "**Cash Management**").

2. INVESTMENT PRODUCTS

The Company has, on 7 September 2015, signed an investment product agreement with China Bohai Bank Co., Ltd., Tianjin Branch, with an investment of RMB150,000,000 from the Net Proceeds into a capital-protected and floating returns investment product (the "**Investment Product #5**"), the details of which are set out below:

- a. Name of the Investment Product#5: Bohai Bank no. S15375 structured investment products (渤海银行【S15375】号结构性存款理财产品).
- b. Type of investment product: capital-protected investment product with floating returns.

- c. Term of the Investment Product#5: 35 days.
- d. Amount of investment: RMB150,000,000.
- e. Date of purchase of the Investment Product#5: 7 September 2015
- f. Date that the Investment Product#5 starts generating returns: 8 September 2015
- g. Investment Scope: structured investment products and its derivatives tied to the 3-month United States Dollar London Interbank Offered Rate.
 - (i) Closing Rate: 3-month United States Dollar London Interbank Offered Rate.
 - (ii) Determination Date of the Closing Rate at the end of the Term of the Investment Product#5: the Determination Date shall be two business days before the maturity date (13 October 2015) or the early termination date (in the case of an early termination) of the Investment Product#5. In the case of public holidays or weekends, the Determination Date shall be the last market date; in the case of market disruption, the Determination Date shall be determined by the bank).
 - (iii) Closing Rate at the Determination Date: the Closing Rate shall be the 3-month United States Dollar London Interbank Offered Rate as displayed on the LIBOR01 page on Reuters at 11:00am London time on the Determination Date.
- h. Expected returns on the Investment Product#5: if the Closing Rate is less than or equal to 9.5%, the expected return shall be 3.60% per annum; if the Closing Rate is more than 9.5%, the expected return shall be 0.42% per annum.

3. RISK MANAGEMENT

In order to protect the interests of the Company and the Shareholders, the Company will prioritise the risk management of the Investment Products. The Company has selected the Investment Products with caution. During the terms of the Investment Products, the Company will, with the assistance of the above mentioned banks, analyse and monitor the Investment Products, strengthen the risk management and supervision of the Investment Products, and ensure the security of the Investment Products. The Independent Directors and Supervisory Committee are entitled to inspect the Investment Products, and where necessary, they are entitled to engage professional auditors to conduct such inspection.

4. IMPACTS ON THE COMPANY

- a. The purchase of the Investment Products is in compliance with the applicable laws and regulations of the PRC, does not affect the intended Use of Net Proceeds and does not change the Use of Net Proceeds.
- b. The purchase of the Investment Products improves the efficiency of the Use of Net Proceeds, and is in the interests of the Company and the Shareholders.

5. CASH MANAGEMENT WITHIN THE LAST 12 MONTHS UP TO THE DATE OF THIS ANNOUNCEMENT

5.1 Investment Product #1

The Company has, on 31 August 2015, signed an investment product agreement with Industrial and Commercial Bank of China, Tianjin Chengdu Road Branch, with an investment of RMB100,000,000 from the Net Proceeds into a capital-protected and floating returns investment product (the “**Investment Product #1**”), the details of which are set out below:

- a. Name of the Investment Product#1: ICBC corporate capital-protected 35-days stable returns investment product (中国工商银行保本型法人 35 天稳利人民币理财产品).
- b. Type of investment product: capital-protected investment product with floating returns.
- c. Term of the Investment Product#1: non-fixed term with the investment period of 35 days.
- d. Amount of investment: RMB100,000,000.
- e. Date of purchase of the Investment Product#1: 31 August 2015
- f. Date that the Investment Product#1 starts generating returns: 1 September 2015
- e. Expected returns on the Investment Product#1: 3.40% per annum.

5.2 Investment Product #2

The Company has, on 1 September 2015, signed a structured deposit agreement with China Everbright Bank Co., Ltd, Tianjin Branch, with an investment of RMB100,000,000 from the Net Proceeds into a structured deposit investment product (the “**Investment Product #2**”), the details of which are set out as follows:

- a. Name of the Investment Product#2: FY2015 eighth customized corporate structured deposit investment product no. 99 (2015 年对公结构性存款定制第八期产品 99).
- b. Type of investment product: capital-protected and fixed returns investment product.
- c. Amount of investment: RMB100,000,000.
- d. Date that the Investment Product#2 starts generating returns: 1 September 2015
- e. Maturity Date of the Investment Product#2: 1 December 2015
- f. Expected returns on the Investment Product#2: 3.40% per annum.

5.3 Investment Product #3

The Company has, on 1 September 2015, signed a structured investment product agreement with Fubang Huayi Bank, Tianjin Branch, with an investment of RMB30,000,000 from the Net Proceeds into a capital-protected and floating returns investment product (the “**Investment Product #3**”), the details of which are set out as follows:

- a. Name of the Investment Product#3: RMB: Monthly surplus No. 15080603(本币: 月得盈 (机构人民币) 15080603 期)
- b. Type of investment product: capital-protected investment product with floating returns.
- c. Amount of investment: RMB30,000,000.
- e. Date of purchase of the Investment Product#3: 1 September 2015
- f. Date that the Investment Product#3 starts generating returns: 1 September 2015
- g. Maturity Date of the Investment Product#3: 4 January 2016
- h. Early Redemption of the Investment Product#3: The Company is entitled to an early redemption from 8 September 2015 to 28 September 2015 of the entire investment value, with a pro-rated return of 3.55% per annum.

- i. Expected returns on the Investment Product#3: 3.55% per annum.

5.4 Investment Product #4

The Company has, on 1 September 2015, signed a structured deposit agreement with Fubang Huayi Bank, Tianjin Branch, an amount of RMB120,000,000 from the Net Proceeds has been invested into the capital-protected and floating returns investment product (the “**Investment Product #4**”), the details of which are set out as follows:

- a. Name of the Investment Product#4: RMB: Monthly surplus No. 15080604(本币: 月得盈 (机构人民币) 15080604 期).
- b. Type of the Investment Product#4: capital-protected investment product with floating returns.
- c. Amount of investment: RMB120,000,000.
- e. Date of purchase of the Investment Product#4: 1 September 2015
- d. Date that the Investment Product#4 starts generating returns: 1 September 2015
- e. Maturity Date of the Investment Product#4: 8 October 2015
- f. Expected returns on the Investment Product#4: 3.85% per annum.

By order of the Board
7 September 2015