

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 91120000103100784F)

(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 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, 26 August 2016 and 29 November 2016 (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 7th Board meeting for FY2016 was duly convened on 24 August 2016, pursuant to which the Board has passed the resolution to approve the Cash Management.

2. INVESTMENT PRODUCTS

2.1 Investment Product #5

The Board wishes to announce that the Company has fully redeemed Investment Product #3 on 3 March 2017. The Company has, on 6 March 2017, signed an investment product agreement with China Bohai Bank Co., Ltd., Tianjin Branch, to invest a sum of RMB200,000,000 from the Net

Proceeds into a capital-protected investment product with floating returns (the “**Investment Product #5**”), the details of which are set out below:

- a. Name of the Investment Product#5: Bohai Bank no. S17034 structured investment products (渤海银行【S17034】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: 95 days.
- d. Amount of investment: RMB200,000,000.
- e. Date that the Investment Product#5 starts generating returns: 6 March 2017
- f. Maturity Date of the Investment Product#5: 9 June 2017
- 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) 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 4.05% per annum; if the Closing Rate is more than 9.5%, the expected return shall be 0.35% per annum, which is the prevailing RMB deposit interest rate.
- i. If the above terms do not change, this Investment Product #5 will be repurchased after its maturity date.

2.2 Investment Product #6

The Board wishes to announce that the Company has fully redeemed Investment Product #4 on 3 March 2017. The Company has, on 6 March 2017, signed an investment product agreement with the Merchants Bank of China, Tianjin Jiefang Road Branch, to invest a sum of RMB200,000,000 from the Net Proceeds into a capital-protected investment product with floating returns (the “**Investment Product #6**”), the details of which are set out below:

- a. Name of the Investment Product #6: Merchants Bank of China Tianjin Jiefang Road Branch Bank no. CTJ00135 structured investment products (招商银行股份有限公司天津解放路支行【CTJ00135】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 #6: from 6 March 2017 to 9 June 2017.
- d. Amount of investment: RMB200,000,000.
- e. Date that the Investment Product #6 starts generating returns: 6 March 2017
- f. Maturity Date of the Investment Product #6: 9 June 2017
- g. Investment Scope: structured investment products and its derivatives tied to the London Gold Fixed Price. Subject to the relevant investment clauses, the guarantee returns shall be 1.35% per annum, and the floating returns shall range from 0.00% (per annum) to 2.68% (per annum). The floating returns shall be determined by the London Gold Fixed Price.

- (i) the initial price: London Gold Fixed Price in the afternoon at the date of register of the deposit.
 - (ii) the observation maturity date: two business days before the maturity date, which shall be 7 June 2017.
 - (iii) the fluctuation range: from (a) a sum equivalent to the initial price minus 400 dollars to (b) a sum equivalent to the initial price plus 400 dollars, both limits inclusive.
 - (iv) if the gold price remains within the fluctuation range until the observation maturity date, the return shall be 2.68% per annum.
 - (v) if the gold price is not within the fluctuation range on the observation maturity date, the return shall be 0 per annum.
- h. If the above terms do not change, this Investment Product #6 will be repurchased after its maturity date.

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 FROM 24 AUGUST 2016 UP TO THE DATE OF THIS ANNOUNCEMENT

Name	Banks	Amount	Maturity Date	Announcement Date
Investment Product #1	China Bohai Bank Co., Ltd., Tianjin Branch	RMB150,000,000	25 November 2016	26 August 2016
Investment Product #2	Fubang Huayi Bank, Tianjin Branch	RMB250,000,000	25 November 2016	26 August 2016
Investment Product #3	China Bohai Bank Co., Ltd., Tianjin Branch	RMB200,000,000	3 March 2017	29 November 2016
Investment Product #4	China Merchants Bank	RMB200,000,000	3 March 2017	29 November 2016

By order of the Board
7 March 2017