TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 120000000004711)
(Incorporated in the People's Republic of China)

COMPANY'S STATEMENT IN RELATION TO RECALL OF A PRODUCT FROM HONG KONG

The board of directors (the "Board") and every individual directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Company") 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.

On 20 April 2016, various media outlets (including the *Daily Economic News*) published an article named *"Hong Kong Department of Health announced the recall of a traditional Chinese medicine containing Western medicine ingredients in Hong Kong"*. The product mentioned in the article is the *"Great Wall Brand Yin Chiao Chieh Tu Pien"* (the "Product"), which is manufactured by the branch office of the Company, Long Shun Rong Pharmaceutical Factory. After some preliminary internal investigations, the Board wishes to announce the following.

1. BRIEF REPORT

It was reported in the article that the Hong Kong Department of Health found small amounts of paracetamol in the Product (registration number: HKP-00056 and batch number: MH-151). According to the preliminary investigations, the Product was manufactured by the branch office of the Company, Long Shun Rong Pharmaceutical Factory (formerly named as Tianjin Chinese Medicine Pharmaceutical Factory), and was distributed by the registered holder, Ming Hua Company. Ming Hua Company has voluntarily recalled the Product, of which more than 3,000 boxes are affected.

A spokesman from the Hong Kong Department of Health has stated that generally, traditional Chinese medicine sold in Hong Kong should not contain any Western medicine ingredients. He further stated that as of now, there have been no reports of any adverse reactions to the Product, but that the Hong Kong Department of Health will continue to investigate.

2. COMPANY'S STATEMENT

On 19 April 2016, the Company became aware of an announcement released by the Hong Kong Department of Health, mentioning that the Product (batch number:MH-151) contains small amounts of paracetamol. The preliminary internal investigations revealed that the Product was produced by the Group, with a production date of 17 June 2014. The Company is continuing its investigation with its agent, Ming Hua Company, to find out further details.

The registration of the Product sold in Hong Kong (registration number: HKP-00056) was completed by Ming Hua Company and the certification of registration is held by Ming Hua Company. The Product, which is sold only in Hong Kong and not in the mainland of the People's Republic of China, should not contain paracetamol in its prescription. The aggregate

revenue arising from the sales of the Product in Hong Kong amounts to RMB 100,000. As of the date of this announcement, the Company has not received any complaints and any reports of adverse reactions to the Product. The Company has procured Ming Hua Company to recall the Product and will actively cooperate with relevant investigations, as well as ensure the quality and safety of its products.

The Company will make further announcements in due course as and when there are material developments on the above.

By order of the Board
20 April 2016