

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 REPORT ON THE DEPOSIT OF
PROCEEDS AND THE USE OF PROCEEDS**

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 and 22 July 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

Pursuant to the Written Approval from the CSRC, the number of A-Shares to be issued shall be 29,564,356 at an issue price of RMB28.28 per A-Share, and the Proceeds from the Proposed Placement shall amount to RMB836,079,987.68. After deducting the expenses of the Proposed Placement, the Net Proceeds shall be approximately RMB814,340,000.00.

Ruihua Certified Public Accountants has, on 26 June 2015, issued the *Proceeds Verification Report* verifying that the Proceeds raised from the Placement are in the designated accounts.

2. DEPOSIT OF PROCEEDS

To further regulate the use and management of Proceeds, to improve the efficiency of the use of Proceeds, and to protect the investors' interests, and

Pursuant to the *Company Law of the PRC* (《中华人民共和国公司法》), *Securities Law of the PRC* (《中华人民共和国证券法》), *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司证券发行管理办法》), the *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》), *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 Articles of Association of the Company and related laws and regulations, the Company proposed adopting the *Measures for the Management of Proceeds* to regulate the use and management of the Proceeds, and to protect the investors' interests. The *Measures for the Management of Proceeds* was approved by the Shareholders at an extraordinary general meeting held on 18 August 2014.

2.1 Deposit of the Proceeds

Pursuant to *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》) promulgated by the CSRC, *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 *Measures for the Management of Proceeds of the Company*, the Company has deposited the Proceeds in the designated accounts, the details of which are set out below:

Account Name	Banks	Bank Account Number	Initial Amount (RMB)	Interest	Balance as at 30 June 2015 (RMB)
The Company	China Bohai Bank Co., Ltd., Tianjin Branch	2000001695000328	505,761,283.68	0	505,761,283.68
The Company	Industrial and Commercial Bank of China, Tianjin Chengdu Road Branch	0302010529300330596	310,420,000.00	0	310,420,000.00
Da Ren Tang	China Construction Bank, Tianjin Hebei Branch	12001660800052535320	0	0	0
Total	—	—	816,181,283.68	0	816,181,283.68

As at 30 June 2015, the aggregate balance of the designated accounts is RMB816,181,283.68, of which the principal amount is RMB816,181,283.68, and the interest is 0.

The balance of the account held with China Bohai Bank Co., Ltd., Tianjin Branch (bank account number 2000001695000328, the “**Designated Account #1**”) is RMB505,761,283.68, which includes a sum of RMB1,841,283.68 that is set aside for the expenses of the Proposed Placement. After deducting the expenses of the Proposed Placement, the remaining balance of Designated Account #1 will be RMB503,920,000.

2.2 Supervision Agreements

In accordance with the terms of the Supervision Agreement #1, the Supervision Agreement #2 and the Supervision Agreement #3, as at 30 June 2015, the designated accounts were opened and the

Proceeds were deposited in the designated accounts.

3. USE OF PROCEEDS

As at 30 June 2015, the Proceeds have not been used. Pursuant to the revised *Plan for the Proposed Placement*, after deducting the expenses of the Placement, the Net Proceeds shall be used as follows:

No	Projects	Proposed amount to be invested (RMB)	Amount of the Net Proceeds to be invested (000'RMB)
1	Terminal Marketing Network and Promotional System Project	310,420,000.00	310,420,000.00
2	Bozhou Industrial Park Construction Project	2,500,000,000.00	127,500,000.00
	Chinese Medicine Extraction and Preparation Project on Chinese Medicine Decoction Pieces	1,500,000,000.00	76,500,000.00
3	Wellness and Functional Vegetable Beverages Project	299,920,000.00	299,920,000.00
Total		1,010,340,000.00	814,340,000.00

4. CHANGE TO THE INTENDED USE OF PROCEEDS

There is no change to the intended use of Proceeds as set out in the revised *Plan for the Proposed Placement* above.

5. DISCLOSURE ON THE USE OF PROCEEDS

The Company has complied with the relevant rules and regulations of the CSRC and the Shanghai Stock Exchange to accurately and completely disclose the information in relation to the deposit of Proceeds and the use of the Proceeds.

By order of the Board
14 August 2015