

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

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

CLARIFICATION ANNOUNCEMENT ENTITLED “RESPONSE TO QUERIES FROM SGX-ST ON THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013”

The Board of Directors (the “**Board**”) of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “**Company**”) refers to its announcement entitled “Response to Queries from SGX-ST on the Company’s Annual Report for the Financial Year Ended 31 December 2014” released on 8 May 2014 (the “**Announcement**”).

The Board wishes to clarify that the Board is of the view that the present internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, are adequate for the nature and the size of the Group’s operations and business, and the Audit Committee also concurs with the views of the Board. As such, the section under the heading “Guideline 11.3” on page 4 of the Announcement should read as follows:

“Guideline 11.3

“The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company’s internal control and risk management systems.

The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company’s operations and finances; and (b) regarding the effectiveness of the company’s risk management and internal control systems.”

The Company will ensure that through the review of the findings of the internal audit and of the external auditors, and such other reviews and examinations as are considered necessary from time to time, the Board seeks to ascertain the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

After taking into account the above factors, various management controls put in place, as well as the assistance/services rendered to the Company by both of its internal and external auditors, the Board is of the view that the present internal controls of the Group, **including financial, operational, compliance and information technology controls, and risk management systems**, are **adequate** for the nature and the size of the Group’s operations and business. The Audit Committee similarly concurs with the views of the Board on the adequacy of the present internal controls of the Group, **including financial, operational, compliance and information technology controls, and risk**

management systems, to address its risk areas.”

The Board had received assurance from the CEO and Chief Financial Officer that the financial records as at 31 December 2013 have been properly maintained and the financial statements for the financial year ended 31 December 2013 give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.”

Save as disclosed above, all other information contained in the Announcement remains unchanged.

By order of the Board

Jiao Yan
Company Secretary
12 May 2014