

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.120000000004711)

(Incorporated in the People's Republic of China)

JOINT VENTURE WITH TIANJIN PHARMACEUTICAL GROUP CO., LTD, TIANJIN YAOYE GROUP CO., LTD, TIANJIN LISHENG PHARMACEUTICAL CO., LTD AND TIANJIN JIN YI INVESTMENT GUARANTEE CO., LTD.

1. INTRODUCTION

The board of Directors (the "**Board**") of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**"), wishes to announce that the Company, has on 23 April 2015 entered into a joint venture agreement (the "**JV Agreement**") with Tianjin Pharmaceutical Group Co., Ltd. (天津市医药集团有限公司) ("**TPG**"), Tianjin Yaoye Group Co., Ltd (天津药业集团有限公司) ("**TYG**"), Tianjin Lisheng Pharmaceutical Co. Ltd (天津力生制药股份有限公司) ("**TLP**") and Tianjin Jin Yi Investment Guarantee Co., Ltd (天津金益投资担保有限责任公司) ("**TJY**"), pursuant to which the Company, TPG, TYG, TLP and TJY (collectively, the "**Parties**" and each, a "**Party**") shall incorporate a joint venture, Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (the "**Joint Venture**") to provide financial services.

Pursuant to the JV Agreement, the Joint Venture will be a company incorporated in the People's Republic of China ("**PRC**") with a registered capital of Renminbi ("**RMB**") 500,000,000. The principal activity of the Joint Venture is to provide the following financial services (the "**Business Scope**"):

- (a) providing financing consulting, credit authentication, and related consulting services to TPG and its subsidiaries (the "**Members**");
- (b) assisting the Members to fulfill the collection and payment of money for transactions;
- (c) providing approved insurance agency services;
- (d) providing guarantees to the Members;
- (e) handling entrusted loans and entrusted investments between the Members;
- (f) handling the settlement of bills for the Members;
- (g) handling internal transfer settlement between the Members, and designing programs for internal settlement and clearance;
- (h) absorbing deposits from the Members;
- (i) granting loans to and handling financial lease for the Members;
- (j) engaging in inter-bank borrowings; and
- (k) other businesses as approved by China Banking Regulatory Commission(the "**CBRC**").

The above Business Scope will be subject to the approval of the CBRC.

The Parties will initially contribute to the capital of the Joint Venture in the following proportions:

Shareholder	Equity Contribution (RMB)	Shareholding Proportion
TPG	250,000,000	50%
Company	75,000,000	15%
TYG	75,000,000	15%
TLP	75,000,000	15%
TJY	25,000,000	5%
Total	500,000,000	100%

2. RATIONALE OF THE JOINT VENTURE

The Joint Venture will optimize the allocation of funds, save financing costs, enhance the management of funds, improve the efficiency in the use of funds, and further broaden the financing channels and effect of financial products of the Group.

3. INFORMATION ON THE INTERESTED PERSONS

3.1 TPG

As at the date of this announcement, TPG is a company incorporated in the PRC, and is the controlling shareholder of the Company, holding 331,111,998 ordinary shares, representing 44.787% of shareholdings in the Company.

3.2 TYG

As at the date of this announcement, TYG is a company incorporated in the PRC, and is 74% owned by Tianjian Jin Yao Group Co., Ltd (a wholly owned subsidiary of TPG), 25% owned by Shanghai Fuxing Pharmaceutical Corp, and 1% owned by Tianjin Development Zone Pan Pacific Co., Ltd.

3.3 TLP

As at the date of this announcement, TLP is a company incorporated in the PRC, and is 51.36% owned by TPG, with the remaining 48.51% owned by public shareholders.

3.4 TJY

As at the date of this announcement, TJY is a company incorporated in the PRC, and is 85% owned by TPG, with the remaining 10% owned by Tianjin Yaocai Group Co., Ltd and 5% owned by Tianjin Jinyi Real Estate Development Co., Ltd.

As TPG is the controlling shareholder of the Company, while TYG, TLP and TJY are direct or indirect subsidiaries of TPG, all of TPG, TYG, TLP and TJY are interested persons, and the Joint Venture is an interested person transaction as defined under the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

4. CHAPTER 9 OF THE LISTING MANUAL

The aggregate value of the investment by the Company in the Joint Venture amounts to RMB 75,000,000, which represents approximately 2.72% of the Group's latest audited net tangible assets of RMB 2,754,289,000 as at 31 December 2014. Pursuant to the above, shareholders' approval is not required for the Joint Venture under the Chapter 9 of the Listing Manual.

5. AUDIT COMMITTEE STATEMENT

The Joint Venture has been approved by the audit committee of the Company (the "**AC**"). The AC is of the view that:

- (a) the decision-making procedures for the Joint Venture are in compliance with the provisions of laws and administrative regulations or the Articles of Association of the Company;
- (b) the Joint Venture will improve the efficiency in the use of funds, and reduce the financing cost of the Group; and
- (c) the Joint Venture is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

6. SALIENT TERMS OF THE JOINT VENTURE

6.1 Rights of the Parties

Each Party shall be entitled to the shareholder's rights in proportion to their shareholdings in the Joint Venture, and each Party is entitled to dispose of their shares by way of transfer or by other means, and each Party shall have other rights pursuant to the Company Law of the PRC and the Articles of Association of the Joint Venture.

6.2 Representations and warranties of the Parties

Each Party represents and warrants that:

- (a) it is validly incorporated and existing under laws of the PRC;
- (b) the JV Agreement will constitute valid, enforceable and legally binding obligations on the Parties;
- (c) compliance with its obligations under the JV Agreement does not and will not infringe, breach, violate, or exceed any power or restriction granted or imposed by (i) any law, regulation, authorisation, directive or order (whether or not having the force of law) to which it is subject; or (ii) any agreement to which it is a party or which is binding on it.

6.3 Default

Each Party shall fully perform its obligations, and the defaulting Party shall be liable for the obligations which cannot be performed or fully performed.

6.4 Governing Law

This Agreement is governed by, and shall be construed in accordance with the laws of the PRC.

The Parties agree that any dispute (the "**Dispute**") arising out of or in connection with the JV Agreement, shall be first resolved through friendly consultation and negotiation between the Parties. Failing which, the Dispute shall be referred to the courts, which has the jurisdiction over the Joint Venture. During the litigation, the other clauses of the JV Agreement which are not affected by the Dispute shall continue to be valid.

7. INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR

Save for transactions falling under the Company's existing interested persons transactions mandate, as at the date of this announcement, the Group does not have any other interested persons transactions with TPG, TYG, TLP and TJY for the current financial year ending 31 December 2015.

8. FINANCIAL EFFECTS

The Joint Venture is not expected to have any material financial impact on the consolidated net tangible assets per share and consolidated earnings per share of Group for the current financial year ending 31 December 2015.

9. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in paragraph 1 above and for their respective shareholdings in the Company (if any), none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Joint Venture.

10. APPROVAL FROM THE CBRC

The Joint Venture shall be further subject to the approval of the CBRC.

The Company will announce any material updates to the Joint Venture in due course.

By order of the Board of Directors

23 April 2015