

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED
(Company Registration No. 91120000103100784F)
(Incorporated in People's Republic of China)

**REPURCHASE AND CANCELLATION OF SOME OF THE RESTRICTED A-SHARES
GRANTED UNDER THE 2019 RESTRICTED A-SHARE INCENTIVE SCHEME**

The board of directors (the “Board”) and every individual director 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.

The Board refers to:

- (1) the announcement dated 16 October 2019 made by the Company in relation to the resolutions passed at the 7th Board meeting for the financial year ended 31 December 2019 (“**FY2019**”) (the “**7th Board Meeting Announcement**”);
- (2) the announcement dated 16 October 2019 made by the Company in relation to the resolutions passed at the 6th supervisory committee (the “**Supervisory Committee**”) meeting for FY2019 (the “**6th Supervisory Committee Meeting Announcement**”);
- (3) the circular dated 15 November 2019 (the “**Circular**”) to the shareholders of the Company (the “**Shareholders**”) in relation to, amongst others, the proposed adoption of the 2019 Restricted A-Share Incentive Scheme (the “**Scheme**”);
- (4) the announcement dated 25 November 2019 made by the Company in relation to the explanatory statement of the Supervisory Committee on the verification of the list of participants (the “**List of Participants**”) who have been proposed to participate in the Scheme and on the verification of the internal publication in respect of the List of Participants by the Company (the “**Explanatory Statement Announcement**”);
- (5) the corrigendum announcement dated 27 November 2019 made by the Company (the “**Corrigendum Announcement**”);
- (6) the announcement dated 2 December 2019 made by the Company in relation to the poll results of the extraordinary general meeting held on 2 December 2019 (the “**EGM Results Announcement**”);
- (7) the announcement dated 2 December 2019 made by the Company in relation to the self-examination report on the trading in the shares of the Company by the insiders in relation to the Scheme (the “**Self-examination Report Announcement**”);
- (8) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 10th Board meeting for FY2019 (the “**10th Board Meeting Announcement**”);

- (9) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 9th Supervisory Committee meeting for FY2019 (the “**9th Supervisory Committee Meeting Announcement**”);
- (10) the announcement dated 9 December 2019 made by the Company in relation to the proposed adjustments to the List of Participants proposed to participate in the Initial Grant (the “**Adjusted Participants**”) and the number of Initial Granted Restricted A-Shares (the “**Adjusted Initial Granted Restricted A-Shares**”) under the Scheme (the “**Adjustments Announcement**”);
- (11) the announcement dated 9 December 2019 made by the Company in relation to the proposed grant of the Adjusted Initial Granted Restricted A-Shares to the Adjusted Participants under the Scheme (the “**Initial Grant Announcement**”);
- (12) the announcement dated 9 December 2019 made by the Company in relation to the list of the Adjusted Participants proposed to participate in the Initial Grant under the Scheme (the “**List of the Adjusted Participants Announcement**”);
- (13) the announcement dated 8 January 2020 made by the Company in relation to the results of the Initial Grant under the Scheme (the “**Grant Results Announcement**”);
- (14) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 2nd Board meeting for the financial year ending 31 December 2020 (“**FY2020**”) (the “**2020 2nd Board Meeting Announcement**”); and
- (15) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 1st Supervisory Committee meeting for FY2020 (the “**2020 1st Supervisory Committee Meeting Announcement**”).

Electronic copies of each of the aforementioned announcements and the Circular are available on the website of the Singapore Exchange Securities Trading Limited at <https://www2.sgx.com/>.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Circular and the 10th Board Meeting Announcement.

On 17 February 2020, the Company duly convened its 2nd Board meeting and 1st Supervisory Committee meeting for FY2020, and the Board and the Supervisory Committee considered and approved the proposed repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme, and resolved the proposed repurchase and cancellation of all of the 70,000 Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme (the “**Proposed Repurchase**”). Further details are as set out below.

A. APPROVAL AND AUTHORISATION FOR THE PROPOSED REPURCHASE

The Company has fulfilled the following procedures in relation to the Proposed Repurchase:

1. The Remuneration Committee formulated the contents of the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and submitted the same to the Board for consideration at the 7th Board meeting for FY2019.
2. On 16 October 2019, the Company duly convened its 7th Board meeting for FY2019, and the Board considered and approved, *inter alia*, the proposed contents of the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要), the proposed contents of the “Assessment Management Measures for

Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法) and the proposed authorisation from Shareholders to the Board for matters in relation to the 2019 Restricted A-Share Incentive Scheme (关于提请股东大会授权董事会办理公司限制性股票激励计划相关事宜).

3. On 16 October 2019, the independent directors of the Company, comprising Mr. Timothy Chen Teck Leng, Mr. Wong Gang and Mr. Qiang Zhiyuan (the “**Independent Directors**”), gave their independent opinions on the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要). Please refer to the 7th Board Meeting Announcement for further details.
4. On 16 October 2019, the Company duly convened its 6th Supervisory Committee meeting for FY2019, and the Supervisory Committee considered and approved the proposed contents of the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要), the proposed contents of the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法) and the proposed “List of Participants under the 2019 Restricted A-Share Incentive Scheme” (关于公司 2019 年 A 股限制性股票计划之激励对象人员名单), and had also given its verification opinions on the “2019 Restricted A-Share Incentive Scheme” and its related matters. The Supervisory Committee was of the view that, *inter alia*, “the terms contained in the ‘2019 Restricted A-Share Incentive Scheme and its summary’ (2019 年 A 股限制性股票计划及其摘要) are in compliance with the requirements of relevant laws, regulations and normative documents, the implementation of the Scheme is conducive to the long-term healthy development of the Company and is not detrimental to the interests of the Company and the Shareholders as a whole; each of the proposed participants to participate in the Scheme satisfies the requirements of their respective designations and grant conditions as stipulated in relevant laws, regulations and normative documents including the Company Law, the Securities Law and the Administrative Measures, and the subject qualification of each of them is legal and valid.” Please refer to the 7th Board Meeting Announcement for further details.
5. During the period from 1 November 2019 to 11 November 2019, the Company published the List of Participants internally. On 25 November 2019, the Supervisory Committee issued its explanatory statement on the verification of the List of Participants under the Scheme and on the verification of the internal publication in respect of the List of Participants, and was of the view that, *inter alia*, “each of the Participants in the List of Participants satisfies the qualification requirements of their respective designations as stipulated in relevant laws, regulations and normative documents including the Company Law as well as the Articles of Association of the Company, fulfils the conditions under the Administrative Measures and falls within the scope of participants to be covered under the ‘2019 Restricted A-Share Incentive Scheme and its summary’ (2019 年 A 股限制性股票计划及其摘要). The subject qualification of each of the Participants is legal and valid.” Please refer to the Explanatory Statement Announcement for further details.
6. On 2 December 2019, the Company duly convened its 2nd extraordinary general meeting of the Company in 2019 (the “**2nd EGM**”), and the Shareholders at the 2nd EGM considered and approved the proposed contents of the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要), the proposed contents of the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法) and the proposed authorisation from Shareholders to the Board for matters in relation to the 2019 Restricted A-Share Incentive Scheme (关于提请股东大会授权董事会办理公司限制性股票激励计划相

关事宜). The Independent Directors publicly collected voting rights by proxy from all Shareholders in respect of the Scheme.

7. On 9 December 2019, the Company duly convened its 10th Board meeting for FY2019, and the Board considered and approved the proposed contents of the “Adjustments to the List of Participants proposed to participate in the initial grant of the Initial Granted Restricted A-Shares and the number of Initial Granted Restricted A-Shares to be granted to them under the Scheme” (关于调整公司 2019 年 A 股限制性股票激励计划首次授予激励对象名单及授予权益数量的议案) and the proposed contents of the “Grant of the Adjusted Initial Granted Restricted A-Shares to the Adjusted Participants under the Scheme” (关于向公司 2019 年 A 股限制性股票激励计划激励对象首次授予限制性股票的议案).
8. On 9 December 2019, the Independent Directors had given their independent opinions on this matter, and were of the opinion that, *inter alia*, they “agree with the proposed adjustments to the List of Participants and the number of Initial Granted Restricted A-Shares to be granted under the Scheme, the Company and the Adjusted Participants are not subject to any circumstances where grant of Restricted A-Shares to the Adjusted Participants is prohibited, the conditions for granting the Restricted A-Shares to the Adjusted Participants as stipulated under the Scheme have been satisfied, and agree that a total number of 3,930,000 Adjusted Initial Granted Restricted A-Shares shall be granted to the 115 Adjusted Participants at the Grant Price of RMB 7.20 for each Restricted A-Share.”
9. On 9 December 2019, the Company duly convened its 9th Supervisory Committee meeting for FY2019, and the Supervisory Committee considered and approved the proposed contents of the “Adjustments to the List of Participants proposed to participate in the initial grant of the Initial Granted Restricted A-Shares and the number of Initial Granted Restricted A-Shares to be granted to them under the Scheme” (关于调整公司 2019 年 A 股限制性股票激励计划首次授予激励对象名单及授予权益数量的议案) and the proposed contents of the “Grant of the Adjusted Initial Granted Restricted A-Shares to the Adjusted Participants under the Scheme” (关于向公司 2019 年 A 股限制性股票激励计划激励对象首次授予限制性股票的议案). The Supervisory Committee was of the view that, *inter alia*, they “agree with the proposed adjustments to the List of Participants and the number of Initial Granted Restricted A-Shares to be granted under the Scheme, the Company and the Adjusted Participants are not subject to any circumstances where the grant of Restricted A-Shares to the Adjusted Participants is prohibited, the conditions for granting the Restricted A-Shares to the Adjusted Participants as stipulated under the Scheme have been satisfied, and agrees that a total number of 3,930,000 Adjusted Initial Granted Restricted A-Shares shall be granted to the 115 Adjusted Participants at the Grant Price of RMB 7.20 for each Restricted A-Share.”
10. On 17 February 2020, the Company duly convened its 2nd Board meeting for FY2020, and the Board considered and approved the proposed repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme and the proposed amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration. The Independent Directors have given their independent opinions on the Proposed Repurchase.
11. On 17 February 2020, the Company duly convened its 1st Supervisory Committee meeting for FY2020, and the Supervisory Committee considered and approved the proposed repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme.

B. INFORMATION ON THE PROPOSED REPURCHASE

In accordance with the resolutions passed at the 2nd Board meeting and the 1st Supervisory Committee meeting for FY2020, the reason for, and the details of, the Proposed Repurchase are set out below.

1. Reason for the Proposed Repurchase and the amount of Restricted A-Shares to be repurchased

According to the provisions in (B) (*Changes in Personal Situation of the Participants*) under Chapter 13 (*Unusual Changes to the Company and the Participants*) in the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划), “upon the employment relationship is discharged or terminated due to objective reasons including job transfer, removal from office, retirement, death or loss of civil capacity, the Restricted A-Shares granted to such Participant which have yet been released from the lock-up requirements shall be repurchased by the Company at the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period when repurchasing.” Given that one of the Participants is no longer eligible to participate in the Scheme due to her resignation from the Company, the Company proposes to repurchase and cancel all of the 70,000 Restricted A-Shares granted to her but not yet released from the lock-up requirements under the Scheme.

2. Repurchase Price

The repurchase price of the Proposed Repurchase shall be RMB 7.20 per Restricted A-Share plus the applicable interests as calculated at the benchmark interest rate for deposits during the same period when repurchasing.

3. Total Amount and Source of Funds for the Proposed Repurchase

The total amount to be paid by the Company for the Proposed Repurchase is RMB 504,000, plus the corresponding interests as calculated at the benchmark interest rate for deposits during the same period when repurchasing, which will be paid by the Company with its own funds. Upon completion of the Proposed Repurchase, the number of Participants participating in the Scheme will be adjusted to 114.

The Board shall handle all the relevant matters relating to the Proposed Repurchase in accordance with the authorisation from Shareholders to the Board for matters in relation to the Scheme as approved at the 2nd EGM.

C. CHANGES IN THE SHARE CAPITAL STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PROPOSED REPURCHASE

The changes in the share capital structure of the Company following the completion of the Proposed Repurchase are as follows:

Unit: share(s)

Categories	Before the completion of the Proposed Repurchase	Changes	After the completion of the Proposed Repurchase
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1. Shares subject to selling restrictions		6,935,000	(70,000)	6,865,000
2. Shares not subject to selling restrictions	A-Shares and S-Shares	765,868,076	-	765,868,076
	A-Shares	565,868,076	-	565,868,076
	S-Shares	200,000,000	-	200,000,000
Total		772,803,076	(70,000)	772,733,076

D. IMPACT OF THE PROPOSED REPURCHASE ON THE PERFORMANCE OF THE COMPANY

The Proposed Repurchase will not have a material impact on the financial status and operating results of the Company, nor will it affect the diligence of the Company's management team. The management team of the Company will continue to perform its duties diligently and work towards enhancing Shareholders' value.

E. OPINION OF THE INDEPENDENT DIRECTORS

The Independent Directors are of the opinion that the Proposed Repurchase is in compliance with the provisions as stipulated in the relevant laws, regulations and normative documents including the *Administrative Measures on Share Incentives of Listed Companies* (《上市公司股权激励管理办法》) (the “**Administrative Measures**”), the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划), as well as the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法). The decision-making procedures of the Proposed Repurchase are in compliance with applicable laws and regulations, and the Proposed Repurchase would not prejudice the interests of the Company and the Shareholders as a whole, nor will it have a material impact on the financial status and operating results of the Company. The Independent Directors unanimously agree with the Proposed Repurchase in accordance with the relevant provisions in respect of such repurchase and cancellation as stipulated in the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划).

F. OPINION OF THE SUPERVISORY COMMITTEE

In accordance with the relevant provisions of the Administrative Measures and the Articles of Association of the Company, the Supervisory Committee has verified the reason for the Proposed Repurchase, the number and price of the Restricted A-Shares to be repurchased and the Participants involved in the Proposed Repurchase, and is of the view that the Proposed Repurchase is in compliance with the relevant provisions as stipulated in the relevant laws, regulations and normative documents including the Administrative Measures, as well as the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划), the Proposed Repurchase would not prejudice the interests of the Company and the Shareholders as a whole, will not have a material impact on the financial status and

operating results of the Company, nor will it affect the diligence of the Company's management team.

G. OPINION OF THE LEGAL ADVISER

The Legal Adviser to the Company is of the opinion that, as at the date of issuance of its legal opinion, the requisite approvals and authorisations at the current stage for the Proposed Repurchase have been obtained, and the price and number of Restricted A-Shares to be repurchased under the Proposed Repurchase are in compliance with the relevant provisions of the Administrative Measures as well as the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划).

By order of the Board

Jiao Yan
Company Secretary
17 February 2020