

**TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED**

(Company Registration No. 91120000103100784F)

(Incorporated in People's Republic of China)

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**(1) Resolutions Passed at the 1<sup>st</sup> Board Meeting for FY2017**

**(2) Notice of Annual General Meeting for FY2016**

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*The board of directors (the "Board") of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited collectively and individually 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.*

**(1) Resolutions Passed at the 1<sup>st</sup> Board Meeting for FY2017**

Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "**Company**") had on 29 March 2017 duly convened its 1<sup>st</sup> Board Meeting for FY2017. The following resolutions were discussed and passed by the 7 directors out of the full board of 9 directors, with Mr. Ma Gui Zhong and Mr. Zhang Jian Jin being absent.

The said meeting was convened in compliance with the applicable Companies Law, Securities Law and the Memorandum & Articles of Association of the Company, and the following resolutions were passed:

1. that the Chairman's Report for FY2016 be approved;
2. that the Board of Directors' Report for FY2016 be approved;
3. that the contents of the draft annual report for FY2016 (prepared in accordance with the accounting standards of the People's Republic of China (the "**PRC**") and International Financial Reporting Standards) be approved. The Board and management of the Company confirmed that as far as they are aware, the contents of the draft annual report are fair and accurate in all material respects, and that there are no material facts the omission of which would make the annual report misleading;
4. that the Company's audited financial report for FY2016 be approved;
5. that the scheme of profit distribution policy of the Company for FY2016 be approved;

Based on the audited financial report for FY2016 (prepared in accordance with the PRC accounting standards) prepared by RSM China Certified Public Accountants LLP, the Company's net profit for FY2016 is RMB399,372,191.62, and the Company's undistributed profits at the beginning of FY2016 is RMB1,387,746,024.82. Pursuant to the requirements of the Company's Memorandum of Association and Articles of Association, in aggregate, RMB27,357,141.25 has

been recorded into the Company's statutory common reserve account and the Company has distributed a dividend of an aggregate amount of RMB192,218,269 for FY2016. In light of the above, the accumulated distributable profit of the Company for FY2016 is RMB1,567,542,806.19.

The Board proposed to declare dividends of an aggregate amount of RMB115,330,961.4 on the basis of RMB1.5 (inclusive of taxes) for every 10 shares in the capital of the Company. The proposed dividend is payable in respect of 768,873,076 issued ordinary shares in the capital of the Company as at 31 December 2016.

6. that the Company's "Report on the Social Responsibilities for FY2016" be approved;
7. that the Company's "Self-evaluation Report on the Internal Controls for FY2016" be approved;
8. that the "Report from Independent Directors for FY2016" be approved;
9. that the "Report on Performance from Audit Committee for FY2016" be approved;
10. that the "Report on the Deposit of Proceeds and the Use of Net Proceeds" be approved;
11. that the remuneration of S\$60,000 for independent director Mr. Timothy Chen Teck-Leng for FY2016 be approved;
12. that the remuneration of S\$55,000 for independent director Mr. Toe Teow Heng for FY2016 be approved;
13. that the remuneration of RMB60,000 for independent director Mr. Qiang Zhi Yuan for FY2016 be approved;
14. that the aggregate remuneration for directors of Company for FY2016 be approved;
15. that the aggregate remuneration for senior management personnel (excluding directors and members of supervisory committee) for FY2016 be approved;
16. that the re-appointment of Mr. Timothy Chen Teck-Leng as independent director of the Company be approved;

Mr. Chen Timothy Teck-Leng, the independent director and the current chairman of the Audit Committee of the Company, has obtained his B.Sc. from the University of Tennessee in 1979 and his MBA from the Ohio State University in 1981, majoring in finance and asset/liability management for financial institutions. He further attended the Executive Management Development Program of Harvard Business School in 2002 and was awarded Certified Corporate Director (I CD.D) qualification by the Canadian Institute of Corporate Director in 2006.

Mr. Chen has over 30 years of senior management experience in international finance, insurance, banking and company advisory fields. Mr. Chen started his professional career with the Bank of America, Singapore between 1981 and 1982 as loans officer. From 1982 to 1983, he was the

Assistant Vice President of Wells Fargo Bank, Singapore. From 1983 to 1985, he was the Account Manager at the International Banking Centre of the Bank of Nova Scotia. Mr. Chen was appointed as the Senior Representative of Sun Life Assurance Company of Canada from 1986 to 1999. From 2000 to 2005, he was the President and CEO of Sunlife Everbright Life Insurance Company in China. He was also the General Manager of Sun Life Financial, China during the same period.

Mr. Chen is currently sitting on the board of several Singapore-listed companies. He is an independent director in Yangzijiang Shipbuilding Holdings Ltd, TMC Education Corporation Ltd., Sysma Holdings Ltd, Tyesoon Ltd and Logistics Holdings Ltd.

17. that the proposed renewal of the shareholders' mandate for the interested person transactions be approved;
18. that the loan facilities granted to the Company to an aggregate limit of RMB7,118,000,000 be approved;

The Company has received bank facilities from the following banks:-

No.	Name of the bank	Line of Credit (RMB'000,000)	Maturity Term
1	Chengdu Road Sub-Branch, Tianjin, Industrial and Commercial Bank of China (中国工商银行天津成都道支行)	400	One year
2	Nankai Sub-branch, Tianjin, Bank of China (中国银行天津南开支行)	450	One year
3.	Tianjin Branch, The Hongkong and Shanghai Banking Corporation Limited (汇丰银行天津分行)	100	One year
4.	Tianjin Branch, Export-Import Bank of China(中国进出口银行天津分行)	200	One year
5.	Heping Sub-branch, Tianjin, China CITIC Bank (中信银行天津和平支行)	500	One year
6.	Hebei Sub-branch, Tianjin, China Construction Bank (中国建设银行天津河北支行)	530	Two years
7.	Tianjin Branch, OCBC China (华侨银行(中国)有限公司天津分行)	150	One year
8.	Fubang Huayi Bank, Tianjin Branch(富邦华一银行天津分行)	90	One year
9.	Tianjin Branch, Industrial Bank Co., Ltd., 兴业银行天津分行	600	One year
10.	Hexi Sub-branch, Tianjin, China Postal Savings Bank Co., Ltd. (中国邮政储蓄银行股份有限公司天津河西区支行)	250	One year

11.	Tianjin Branch, China Bohai Bank(渤海银行天津分行)	1,300	One year
12.	Nankai Sub-branch, Tianjin Rural Commercial Bank (天津农村商业银行南开支行)	48	One year
13.	Tianjin Branch, China Zheshang Bank (浙商银行天津分行)	1,000	One year
14.	Tianjin Branch, Ping An Bank(平安银行天津分行)	300	One year
15.	Merchants Bank of China Tianjin Jiefang Road Branch (招商银行天津解放路支行)	300	One year
16.	China Everbright Bank Co.,Ltd.,Tianjin Branch (光大银行天津分行)	100	One year
17.	China Minsheng Bank, Tianjin Branch(中国民生银行股份有限公司天津分行)	200	One year
18.	Hengfeng Bank Co., Ltd., Beijing Branch (恒丰银行股份有限公司北京分行)	200	One year
19.	Shanghai Bank Co., Ltd., Tianjin Branch (上海银行股份有限公司天津分行)	200	One year
20.	Standard Chartered Bank (China) Limited, Tianjin Branch (渣打银行(中国)有限公司天津分行)	200	One year
	Total	7,118	

19. that the *Contingency Plan of Deposit Risk in Tianjin Pharmaceutical Group Finance Co., Ltd* be approved;
20. that the proposed acquisition of 20% equity interest in Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd for a consideration of up to RMB6,500,000 from Tianjin Yu Liang Investment Co., Ltd be approved (please refer to the announcement of the Company dated 30 March 2017 for more details);
21. that the change in shareholding in Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd, which is carrying out certain projects under the Placement that was approved by the shareholders of the Company on 18 August 2014, be approved (please refer to the announcement of the Company dated 30 March 2017 for more details);
22. that the establishment of the Chinese Herbal Medicine Department of the Company be approved;

The Chinese Herbal Medicine Department will be responsible for the management and optimization of the procurement, processing and sales of medicinal materials of Medicinal Materials Co., Tianjin Chinese Medicinal Slices Co., Ltd and Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd.
23. that the following proposed write-offs and allowances made for various assets of the Company in FY2016 be approved:

(1) the provision for doubtful and bad debts of RMB41,877,000, and write-off of the

- allowance for bad debts of RMB4,390,400;
- (2) the allowance for inventory of RMB12,015,400, and write-off of the allowance for inventory of RMB5,757,400;
- (3) write-off of the allowance for long-term investment of RMB2,822,100;and
- (4) write-off of the allowance for property, plant and equipment of RMB2,123,000.

24. that the proposed convening of the annual general meeting for FY2016 be approved.

The above resolutions No. 1 and No. 2, resolutions No. 4 and No. 5, resolutions No. 11 to No. 14, and resolutions No. 16 to No. 18 shall be tabled at the annual general meeting for FY2016 to be convened for shareholders' approval.

Directors Mr. Zhang Jian Jin and Mr. Ma Gui Zhong, being personally interested in resolution No. 17 above, have abstained from voting on the resolution at the Board meeting.

The respective directors, being personally interested in the relevant resolutions for approval of their respective remuneration, have duly abstained from voting on the respective resolutions at the Board meeting.

## **(2) Notice of Annual General Meeting for FY2016**

Pursuant to the Companies Law and the Articles of Association of the Company, the Board proposes to convene the annual general meeting for FY2016 at the meeting room of Super Garden Hotel, No. 2 Rongye Avenue, Heping District, Tianjin 300021, PRC on 15 May 2017 at 1:30 p.m.. Concurrently, a video conferencing for holders of "S" shares will be held at Pinnacle Suite, Wangz Business Centre, 7 Temasek Blvd, #44-01, The Penthouse Suntec Tower 1, Singapore 038987.

The agenda for the meeting shall be as follows:

1. To consider and approve the Chairman's Report for FY2016; (Resolution 1)
2. To consider and approve the Board of Directors' Report for FY2016; (Resolution 2)
3. To consider and approve the Supervisory Committee's Report for FY2016; (Resolution 3)
4. To consider and approve the Financial Report and Audit Report for FY2016 audited by Ruihua Certified Public Accountants LLP and RSM Chio Lim LLP; (Resolution 4)
5. To consider and approve the scheme of profit distribution policy of the Company for FY2016; (Resolution 5)
6. To approve the remuneration of S\$60,000 for independent director Mr. Timothy Chen Teck-Leng for FY2016; (Resolution 6)
7. To approve the remuneration of S\$55,000 for independent director Mr. Toe Teow Heng for FY2016; (Resolution 7)
8. To approve the remuneration of RMB60,000 for independent director Mr. Qiang Zhi Yuan for FY2016; (Resolution 8)

9. To approve the aggregate remuneration for directors of the Company for FY2016; (Resolution 9)
10. To approve the aggregate remuneration for members of the Supervisory Committee for FY2016; (Resolution 10)
11. To re-appoint Mr. Timothy Chen Teck-Leng as independent director of the Company; (Resolution 11)
12. To renew the shareholders' mandate for the interested person transactions; (Resolution 12)
13. To consider and approve the loan facilities granted to the Company aggregating to a limit of RMB7,118,000,000; (Resolution 13)

Notes:

1. A holder of shares entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons (who need not also be shareholders) to act as their proxies to attend and vote on their behalf.  
  
If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
2. To be effective, the instrument appointing a proxy or proxies must be lodged at the Company's "S" Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles' Place, #32-01 Singapore Land Tower, Singapore 048623 (in the case of a holder of "S" shares) no later than 1.30 p.m. on 13 May 2017.
3. Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
4. Pursuant to the Company's Articles of Association, a holder of tradable domestic shares with limiting conditions for sale shall notify the Company in writing not less than 20 days prior to the Annual General Meeting of his or her intention to attend the Annual General Meeting. A holder of "S" share shall be registered in the shareholder name list or in the Depository Register 48 hours before the appointed time for holding the Annual General Meeting.

5. A holder of tradable domestic shares with limiting conditions for sale who is planning to attend the Annual General Meeting must give a written notice to the Company no later than 19 April 2017.
6. A holder of "S" Shares must be registered in the shareholder name list or in the Depository Register pursuant to his/her identity card and share certificates no later than 1.30 p.m. on 13 May 2017.
7. The Annual General Meeting is expected to last for half a day and all accommodation and other expenses incurred by a shareholder or his/her proxy in connection with his/her attendance at the Annual General Meeting shall be borne by that Shareholder.

By order of the Board

Jiao Yan  
30 March 2017