

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

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**GRANT OF RESERVED RESTRICTED A-SHARES TO THE PARTICIPANTS UNDER THE SCHEME**

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*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 7<sup>th</sup> Board meeting for the financial year ended 31 December 2019 (“FY2019”) (the “**2019 7<sup>th</sup> Board Meeting Announcement**”);
- (2) the announcement dated 16 October 2019 made by the Company in relation to the resolutions passed at the 6<sup>th</sup> supervisory committee (the “**Supervisory Committee**”) meeting for FY2019 (the “**2019 6<sup>th</sup> 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;
- (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;
- (8) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 10<sup>th</sup> Board meeting for FY2019 (the “**2019 10<sup>th</sup> Board Meeting Announcement**”);
- (9) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 9<sup>th</sup> Supervisory Committee meeting for FY2019;

- (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;
- (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;
- (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;
- (13) the announcement dated 8 January 2020 made by the Company in relation to the results of the Initial Grant under the Scheme;
- (14) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 2<sup>nd</sup> Board meeting for the financial year ending 31 December 2020 (“**FY2020**”) (the “**2020 2<sup>nd</sup> Board Meeting Announcement**”);
- (15) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 1<sup>st</sup> Supervisory Committee meeting for FY2020 (the “**2020 1<sup>st</sup> Supervisory Committee Meeting Announcement**”);
- (16) the announcement dated 17 February 2020 made by the Company in relation to the repurchase and cancellation of some of the Restricted A-Shares granted under the Scheme;
- (17) the announcement dated 17 February 2020 made by the Company in respect of the notification to creditors of the Company in relation to the repurchase and cancellation of the Restricted A-Shares;
- (18) the announcement dated 6 July 2020 made by the Company in relation to the resolution passed at the 5<sup>th</sup> Board meeting for FY2020 (the “**2020 5<sup>th</sup> Board Meeting Announcement**”); and
- (19) the announcement dated 6 July 2020 made by the Company in relation to the resolution passed at the 4<sup>th</sup> Supervisory Committee meeting for FY2020 (the “**2020 4<sup>th</sup> 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://www.sgx.com/>.

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Circular and the 2020 5<sup>th</sup> Board Meeting Announcement.*

#### **IMPORTANT REMINDER**

- Grant Date of Reserved Restricted A-Shares: 6 July 2020
- Number of the Reserved Restricted A-Shares to be granted: 940,000
- Grant Price of the Reserved Restricted A-Shares to be granted: RMB 8.89 for each Restricted A-Share

The Company had on 6 July 2020 duly convened its 5<sup>th</sup> board meeting for FY2020, at which the Board considered and approved the proposed contents of the “Grant of the Reserved Restricted A-Shares to the 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授予预留限制性股票的议案). In accordance with the provisions of the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and the authorisations obtained at the extraordinary general meeting of the Company held on 2 December 2019 (the “**2019 2<sup>nd</sup> EGM**”), the Board is of the view that the conditions for granting the Reserved Restricted A-Shares as stipulated under the Scheme have been satisfied. The Board has determined that a total number of 940,000 Reserved Restricted A-Shares shall be granted to 26 Participants (the “**Grant of Reserved Restricted A-Shares**”) on 6 July 2020 (the “**Grant Date of Reserved Restricted A-Shares**”). Further details are as set out below.

## **I. GRANT OF RESERVED RESTRICTED A-SHARES**

### **1. Information on the decision-making procedures and information disclosure in relation to the Grant of Reserved Restricted A-Shares**

- (1) On 16 October 2019, the Company duly convened its 7<sup>th</sup> Board meeting and 6<sup>th</sup> Supervisory Committee meeting for FY2019, and the Board 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) and other proposals relating to the Scheme. The independent directors of the Company then and the Supervisory Committee had given their independent opinions and verification opinions respectively. CITIC Securities Co., Ltd. (中信证券股份有限公司), being the Independent Financial Adviser, and Xing Tong Law Firm (行通律师事务所), being the Legal Adviser for the Scheme have issued their respective professional opinions.
- (2) On 25 November 2019, the Supervisory Committee issued the “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” (天津中新药业集团股份有限公司监事会对激励名单审核及公示情况说明), which explained that the Company has published the names and designations of each of the Participants for a period from 1 November 2019 to 11 November 2019 (the “**Publication Period**”), and as at the expiration of the Publication Period, the Supervisory Committee did not receive any objections with respect to the proposed Participants under the Scheme.
- (3) On 2 December 2019, the Company duly convened its 2019 2<sup>nd</sup> EGM, and the Shareholders at the 2019 2<sup>nd</sup> 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) and other proposals relating to the Scheme.
- (4) On 9 December 2019, the Company duly convened its 10<sup>th</sup> 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). The independent directors of the Company then and the Supervisory Committee have given their independent opinions and verification opinions respectively. The Independent Financial Adviser

and the Legal Adviser for the Scheme have issued their respective professional opinions.

- (5) On 17 February 2020, the Company duly convened its 2<sup>nd</sup> Board meeting and 1<sup>st</sup> 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.
- (6) On 6 July 2020, the Company duly convened its 5<sup>th</sup> Board meeting and 4<sup>th</sup> Supervisory Committee meeting for FY2020, and the Board and the Supervisory Committee considered and approved the proposed contents of the “Grant of the Reserved Restricted A-Shares to the 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授予预留限制性股票的议案). The present independent directors of the Company and the Supervisory Committee have given their independent opinions and verification opinions respectively.

Please refer to the 2019 7<sup>th</sup> Board Meeting Announcement, the 2019 6<sup>th</sup> Supervisory Committee Meeting Announcement, the Explanatory Statement Announcement, the Circular, the EGM Results Announcement, the 2019 10<sup>th</sup> Board Meeting Announcement, the 2020 2<sup>nd</sup> Board Meeting Announcement, the 2020 1<sup>st</sup> Supervisory Committee Meeting Announcement, the 2020 5<sup>th</sup> Board Meeting Announcement and the 2020 4<sup>th</sup> Supervisory Committee Meeting Announcement for further details.

## 2. Explanatory statement on the conditions of the Grant of Reserved Restricted A-Shares

In accordance with the relevant provisions of the *Administrative Measures on Share Incentives of Listed Companies* (《上市公司股权激励管理办法》) (the “**Administrative Measures**”) and the “2019 Restricted A-Share Incentive Scheme” (2019年A股限制性股票计划), the Board is of the view that the conditions for granting the Reserved Restricted A-Shares as stipulated under the Scheme to the Participants have been satisfied, and has determined that the Grant Date of Reserved Restricted A-Shares shall be 6 July 2020. Further details are set out below.

- (1) None of the following circumstances has occurred to the Company:
  - (a) a certified public accountant has issued an audit report containing an adverse opinion or indicates the inability to give an opinion over the financial and accounting report of the Company for the most recent accounting year;
  - (b) a certified public accountant has issued an audit report containing an adverse opinion or indicates the inability to give an opinion in respect of the internal control over the financial reporting for the most recent accounting year;
  - (c) failure to pay dividends in accordance with laws and regulations, the Articles of Association of the Company and public undertakings in the past 36 months after listing;
  - (d) prohibition from implementation of a share incentive scheme by laws and regulations; and
  - (e) any other circumstances as determined by the China Securities Regulatory Commission (the “**CSRC**”).

- (2) None of the following circumstances has occurred to any of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares:
- (a) he/she has been deemed as an inappropriate candidate by the Shanghai Stock Exchange (the “SSE”) in the past 12 months;
  - (b) he/she has been deemed as an inappropriate candidate by the CSRC and/or any of its local bureaus in the past 12 months;
  - (c) he/she has been imposed with administrative penalties or prohibited from entry into the securities market by the CSRC and/or any of its local bureaus due to material violations of laws and regulations in the past 12 months;
  - (d) he/she has been prohibited from acting as a director or a member of the senior management of a company under the *Company Law of the People's Republic of China* (《中华人民共和国公司法》) (the “Company Law”);
  - (e) he/she is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; or
  - (f) any other circumstances as determined by the CSRC.
- (3) The Company has achieved the performance target for the Grant of Reserved Restricted A-Shares as:
- (a) the earnings per share of the Company for 2018 was not lower than the performance level of the previous year, and was also not lower than the average performance level of the previous three (3) years, and did not rank below 50<sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry;
  - (b) the growth rate of net profits for 2018 was not lower than the performance level of the previous year, and was also not lower than the average performance level of the previous three (3) years, and did not rank below 50<sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry; and
  - (c) in 2018, the revenue from principal business accounted for not less than 92% of the Company's total revenue.

In view of the above, the Board considers that the conditions for granting the Reserved Restricted A-Shares as stipulated under the Scheme to the Participants have been satisfied.

### 3. Details of the Grant of Reserved Restricted A-Shares

- (1) Grant Date of Reserved Restricted A-Shares: 6 July 2020
- (2) Number of the Reserved Restricted A-Shares to be granted: 940,000
- (3) Number of Participants proposed to participate in the Grant of Reserved Restricted A-Shares: 26
- (4) Grant Price of the Reserved Restricted A-Shares to be granted: RMB 8.89 for each Restricted A-Share

- (5) Source of the Reserved Restricted A-Shares: the ordinary A-shares to be issued by the Company to the Participants
- (6) Validity Period, Lock-up Periods and Release Arrangement of the Scheme:

The Validity Period of the Scheme shall commence on the Grant Date of Reserved Restricted A-Shares and expire on the date when all the Reserved Restricted A-Shares granted to the Participants are released from the lock-up requirements or repurchased and cancelled by the Company, and shall not exceed 60 months.

The Lock-up Periods of the Reserved Restricted A-Shares granted under the Scheme shall be 24 months, 36 months and 48 months from the date of completion of the registration of the Reserved Restricted A-Shares. The Reserved Restricted A-Shares granted to the Participants under the Scheme shall not be transferred or used as security or for repayment of debts during the relevant Lock-up Periods. Additional shares received by the Participants during the Lock-up Periods for their holding of the Reserved Restricted A-Shares granted under the Scheme due to capitalisation of capital reserves, bonus issue / capitalisation issue or share subdivision shall also be subject to the same lock-up requirements under the Scheme. Upon expiry of each Lock-up Period, the Company shall proceed with the releasing of the lock-up requirements imposed on such Participants who satisfy the Release Conditions, and the Reserved Restricted A-Shares held by those Participants who do not satisfy the Release Conditions shall be repurchased and cancelled by the Company.

Within the Release Period, the Company shall proceed with the releasing of the lock-up requirements imposed on such Participants who satisfy the Release Conditions, and the Reserved Restricted A-Shares held by those Participants who do not satisfy the Release Conditions shall be repurchased and cancelled by the Company. The release arrangement for the Reserved Restricted A-Shares granted under the Scheme are set out in the table below:

<b>Release Arrangement</b>	<b>Release Period</b>	<b>Proportion of Restricted A-Shares to be released as a percentage of the total number of Restricted A-Shares already granted to and held by a Participant under the Scheme</b>
The first Release Period	Commencing on the first trading day after expiry of the 24-month period from the date of completion of the registration of the Reserved Restricted A-Shares, and ending on the last trading day of the 36-month period from the date of completion of the registration of the Reserved Restricted A-Shares	33%

<b>Release Arrangement</b>	<b>Release Period</b>	<b>Proportion of Restricted A-Shares to be released as a percentage of the total number of Restricted A-Shares already granted to and held by a Participant under the Scheme</b>
The second Release Period	Commencing on the first trading day after expiry of the 36-month period from the date of completion of the registration of the Reserved Restricted A-Shares, and ending on the last trading day of the 48-month period from the date of completion of the registration of the Reserved Restricted A-Shares	33%
The third Release Period	Commencing on the first trading day after expiry of the 48-month period from the date of completion of the registration of the Reserved Restricted A-Shares, and ending on the last trading day of the 60-month period from the date of completion of the registration of the Reserved Restricted A-Shares	34%

- (7) The allocation of the Reserved Restricted A-Shares to the Participants proposed to participate in the Grant of Reserved Restricted A-Shares is as follows:

<b>Personnel category</b>	<b>Number / designations</b>	<b>Percentage of the total number of the Reserved Restricted A-Shares to be granted under the Scheme of 940,000 Restricted A-Shares</b>	<b>Percentage of the total issued share capital of the Company as at date of the announcement of the Scheme</b>
Li Yan	Director and General Manager	1.44%	0.009%
Members of management team, leading-level scientific research experts, core	25	17.86%	0.113%

personnel for scientific research and technology and members of core management team of subordinate enterprises of the Company (excluding the Company's associated companies)			
<b>Total</b>	26	19.30%	0.122%

## II. VERIFICATION OF THE LIST OF PARTICIPANTS PROPOSED TO PARTICIPATE IN THE GRANT OF RESERVED RESTRICTED A-SHARES BY THE SUPERVISORY COMMITTEE

Upon verification, the Supervisory Committee is of the view that:

- (1) the list of Participants proposed to participate in the Grant of Reserved Restricted A-Shares is in compliance with the provisions of 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); each of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares satisfies the requirements or conditions as an eligible participant to participate in the Scheme as stipulated in the relevant laws, regulations and normative documents, and the subject qualification of each of them is legal and valid;
- (2) each of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares falls within the scope of the eligible participants to be granted the Reserved Restricted A-Shares under the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) as considered and approved by the Shareholders at the 2019 2<sup>nd</sup> EGM, satisfies the requirements in respect of their respective subject qualification as stipulated in the relevant laws, regulations and normative documents including the Company Law, the *Securities Law of the People's Republic of China* (《中华人民共和国证券法》) (the “**Securities Law**”) and the Administrative Measures, as well as the Articles of Association of the Company; none of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares is involved in any circumstances where he/she would be prohibited from being an eligible participant under the Scheme as stipulated in the Administrative Measures; the Participants proposed to participate in the Grant of Reserved Restricted A-Shares do not include independent directors, non-executive directors and supervisors of the Company, nor any shareholder of the Company who, individually or collectively, hold 5% or more of the shares of the Company or *de facto* controller(s) of the Company and their respective spouses, parents and children; and the subject qualification of each of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares is legal and valid, and meets the conditions for granting the Reserved Restricted A-Shares; and

- (3) the determination of the Grant Date of Reserved Restricted A-Shares by the Board is in compliance with the relevant provisions in respect of the grant date as stipulated in the Administrative Measures and the "2019 Restricted A-Share Incentive Scheme" (2019年A股限制性股票计划).

The Supervisory Committee agrees that the Grant Date of Reserved Restricted A-Shares shall be 6 July 2020 and the proposed grant of a total number of 940,000 Reserved Restricted A-Shares to 26 Participants.

### **III. STATEMENT ON THE TRADING IN THE SHARES OF THE COMPANY BY THE PARTICIPANTS WHO ARE DIRECTORS AND/OR MEMBERS OF SENIOR MANAGEMENT WITHIN 6 MONTHS PRIOR TO THE GRANT DATE OF RESERVED RESTRICTED A-SHARES**

Upon verification, none of the Participants proposed to participate in the Grant of Reserved Restricted A-Shares who are Directors and/or members of the senior management has traded in the shares of the Company within 6 months prior to the Grant Date of Reserved Restricted A-Shares.

### **IV. IMPACT ON THE FINANCIAL STATUS OF THE COMPANY FOLLOWING THE GRANT OF RESERVED RESTRICTED A-SHARES**

In accordance with the requirements of the *Accounting Standards for Business Enterprises No. 11-Share-based Payments* (《企业会计准则第11号—股份支付》), at each balance sheet date within the Lock-up Periods, the Company shall revise the number of Restricted A-Shares which are expected to be released from the lock-up requirements according to the change in the latest available number of Participants whose Restricted A-Shares are eligible to be released from the lock-up requirements, the completion of the performance targets and other subsequent information, and recognise the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted A-Shares on the Grant Date of Reserved Restricted A-Shares.

- (1) Accounting treatment on the Grant Date of Reserved Restricted A-Shares: Payment for the Reserved Restricted A-Shares granted and the share capital and capital reserve shall be determined according to the issue of the Reserved Restricted A-Shares to the Participants proposed to participate in the Grant of Reserved Restricted A-Shares by the Company.
- (2) Accounting treatment within the Lock-up Periods: in accordance with the requirements of the accounting standards, at each balance sheet date within the Lock-up Periods, the services provided by the staff will be recognised in the costs or expenses, and the capital reserve – other capital reserves will be recognised at the same time.
- (3) Accounting treatment on the Release Date: the Reserved Restricted A-Shares can be released from the lock-up requirements if all Release Conditions are satisfied; if all or part of the Reserved Restricted A-Shares are not released from the lock-up requirements and thus become invalid or cancelled, they shall be dealt with according to accounting standards and relevant requirements.

The Board has determined that the Grant Date of Reserved Restricted A-Shares shall be 6 July 2020 the incentive costs from the Scheme shall be recognized based on the total fair value as at the Grant Date of Reserved Restricted A-Shares, and the impact of the grant of Reserved Restricted A-Shares under the Scheme on the accounting costs incurred in each accounting period are as follows:

Unit: RMB'0,000

<b>Total costs</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
825.77	144.97	297.28	230.83	116.73	35.96

**Note:**

1. The above result does not represent the final accounting costs. The actual accounting costs are related to the actual amount of effective and lapsed equity shares and the Shareholders should be reminded of the possible dilution effect.
2. The final results of the aforementioned impact on the Company's operating results shall be subject to the annual audit report issued by an accounting firm.

Upon grant of the Reserved Restricted A-Shares, the Company will include the audited costs of the Reserved Restricted A-Shares and the amount of cost recognised in each year in the annual report of the Company.

The total costs and expenses incurred from the Scheme will be charged to the recurring profit or loss. According to the preliminary evaluation by the Company based on the information available for the time being, without taking into account the stimulus effects of the Scheme on the operation performance of the Company, the amortization of the costs of the Scheme shall affect the net profit of each year during the Validity Period, although the extent of such impact would not be substantial. Taking into consideration the positive impact of the Scheme on the development of the Company, such as motivating the management team, increasing the operational efficiency and reducing agent costs, the benefits expected to be generated from the improvement in the Company's performance due to the Scheme is anticipated to exceed the increase in costs and expenses incurred by the Company from implementation of the Scheme.

## **V. OPINION OF THE LEGAL ADVISER**

Xing Tong Law Firm (行通律师事务所), the Company's Legal Adviser for the Scheme, 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 Grant of Reserved Restricted A-Shares have been obtained; the Grant Date of Reserved Restricted A-Shares and the Participants proposed to participate in the Grant of Reserved Restricted A-Shares are in compliance with the relevant provisions of the Administrative Measures and the "2019 Restricted A-Share Incentive Scheme" (2019年A股限制性股票计划); the conditions for the Grant of Reserved Restricted A-Shares as stipulated under the Scheme have been satisfied, the implementation of the Grant of Reserved Restricted A-Shares by the Company is in compliance with the relevant provisions of the Administrative Measures and the "2019 Restricted A-Share Incentive Scheme" (2019年A股限制性股票计划); and the Grant of Reserved Restricted A-Shares is still subject to the fulfilment of disclosure obligations and the completion of relevant procedures including the registration of the Reserved Restricted A-Shares granted under the Scheme in accordance with laws and regulations.

**By Order of the Board**

Jiao Yan  
Secretary to the Board  
6 July 2020