

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No. 91120000103100784F)

(Incorporated in the People's Republic of China)

DRUG GMP CERTIFICATION OBTAINED BY A SUBSIDIARY OF THE COMPANY

The board of directors (the "Board") and every individual director of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited 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.

1. INTRODUCTION

The Board wishes to announce that Tianjin Darentang (Bozhou) Chinese Herbal Medicinal Slices Co., Ltd. (天津达仁堂(亳州)中药饮片有限公司) ("**Tianjin Bo Zhou**"), a wholly-owned subsidiary of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "**Company**"), has recently obtained a certificate of good manufacturing practices for pharmaceutical products from the Anhui Medical Products Administration (安徽省药品监督管理局) (the "**Drug GMP Certification**"). The relevant information is set out below:

1.1 Basic information:

Name of company: Tianjin Darentang (Bozhou) Chinese Herbal Medicinal Slices Co., Ltd. (天津达仁堂(亳州)中药饮片有限公司)

Registered address: North of Yangsheng Avenue, West of Huatuo Avenue, Qiaocheng Economic Development Zone, Qiaocheng District, Bozhou City, Anhui Province, China

Certification no.: AH20190603

Scope of Inspection: Prepared slices of Chinese crude drugs (Cleaning, Cutting, Steaming, Boiling, Stir-baking, Stir-frying, Calcining, Carbonizing, Blanching in boiling water, Roasting, levigating, Sprouting, Fermenting); Toxic Prepared Slices (Cleaning, Cutting, Boiling, Steaming, levigating, Frost-like powder); Direct oral slices

Date of expiry: 7 May 2024

1.2 Background information about Tianjin Bo Zhou and the products:

Tianjin Bo Zhou is a wholly-owned subsidiary of the Company and a modern enterprise primarily focused on producing traditional Chinese herbal medicinal slices. Keeping in mind the principles of market demand, usage of science and technology for guidance, and having a talented labour force, the company adheres to the ideologies of "management according to law, legacy development, selection of materials, respect for traditional drug processing methods, and helping people", and strives to, amongst others, build a harmonious enterprise culture and strengthen the branding of the company. Further, in pursuit of supplying quality medicinal products that are beneficial to human health, the company's business philosophy is centred

around ensuring the quality and authenticity of its products and the precision of its processing methods, regardless of the amount of labour or investment required to achieve this.

The company is located near the north of Yangsheng Avenue, west of Huatuo Avenue, Qiaocheng Economic Development Zone, Qiaocheng District, Bozhou City, Anhui Province, China, and covers an aggregate land area of approximately 140,000 square meters. The asset value and net asset value of the fixed assets of the company are approximately RMB176.66 million and RMB176.66 million respectively. Tianjin Bo Zhou is a company which is primarily engaged in the development, manufacture, and sales of traditional Chinese herbal medicinal slices, and has also obtained approval for the manufacture of 500 different products, which the Company believes can meet market demand. Tianjin Bo Zhou currently has 108 employees, of which 40 employees are designated professional and/or technical roles, and they have strong capability in product production and quality management.

2. OTHER INFORMATION

2.1 In relation to the production line, the categories of planned production and capacity of design

No.	Name Of Production Line	Main Product	Annual Production Capacity
1	Chinese herbal slices workshop (饮片车间)	More than 400 kinds of chinese herbal slices including Ophiopogonis Radix, Gastrodiae Rhizoma, Polygonati Rhizoma (processed with wine), Morindae Officinalis Radix (prepared), Eucommiae Cortex (processed with salt), Massa Medicata Fermentata, Armeniacae Semen Amarum (rinsed in boiling water), Calamina (calcined), Setariae Fructus germinatus, Myristicae Semen (stir-baked with gentle heat), and Nelumbinis Rhizomatis Nodus (carbonized), etc.	Approximately 1,776 tonnes
2	Toxic chinese herbal slices workshop (毒性饮片车间)	More than 20 kinds of toxic chinese herbal slices including aconiti radix cocta, Typhonii Rhizoma (processed), Crotonis Semen Pulveratum, and Realgar powder, etc.	Approximately 600 tonnes
3	Oral chinese herbal slices workshop (直接口服饮片车间)	More than 20 kinds of oral chinese herbal slices including powder of Notoginseng Radix et Rhizoma.	Approximately 24 tonnes

2.2 Market conditions of major products

No.	Name Of Product	Form	Area of specialisation	Market conditions for product
1	Powder of Notoginseng Radix et Rhizoma, Gastrodiae Rhizoma, Rhodiolae Crenulatae Radix et Rhizoma, Massa Medicata Fermentata, Polygonati Rhizoma (processed with wine), Rehmanniae Radix Praeparata, Herb of Cistanche deserticola (processed with wine), and Morindae Officinalis Radix (prepared), etc.	Herbal medicinal slice	The use of clinical dialectical treatment of traditional Chinese medicine, formulation and pharmacotherapy, diet therapy and preparation of Chinese patent medicines.	At present there are approximately 2000 corporations that have obtained the relevant approvals for the manufacture of herbal medicinal slices, of which the major manufacturers are Kangmei Pharmaceutical Co., Ltd., Yuanhe Pharmaceutical Co., Ltd., Tianji Chinese Medicine Co., Ltd., Huamiao Chinese Medicine Co., Ltd., Huqiao Pharmaceutical Co., Ltd. and Sichuan Jiangyou Zhongba Co., Ltd.
2	More than 20 kinds of toxic chinese herbal slices including Realgar powder, and Crotonis Semen Pulveratum.	Herbal medicinal slice	Raw materials composition of Chinese patent medicines Angong Niu Huang pills, Niu Huang Qingxin Pills, Niu Huang Jiedu Pills, Renshen Zaizao Pills, Zhusha Anshen Pills, Xiao'er Zhibao Pills, Weichang'an Pills, etc.	The Company has a relatively larger market share in the traditional Chinese medicine herbal slices' market in China.

3. IMPACT ON THE COMPANY

The Drug GMP Certification is conducive for the Company to expand its market share in the traditional Chinese medicine herbal slices' market in China.

By order of the Board
20 May 2019