

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.: 91120000103100784F)

(Incorporated in the People's Republic of China)

UPDATE ON THE PROPOSED MIXED-OWNERSHIP REFORM AND POTENTIAL CHANGE OF THE ACTUAL CONTROLLER OF THE COMPANY

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 the announcements dated 9 October 2018, 15 June 2020 and 28 September 2020 made by the Company in relation to the Proposed Mixed-ownership Reform (the "**Prior Announcements**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Prior Announcements.

On 20 December 2020, the Company received a notification (the "**Notification**") from its controlling shareholder, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("**TPH**") on progress of the Proposed Mixed-ownership Reform.

As at the date of this announcement, TPH holds 42.80% of the total number of issued shares in the capital of the Company.

1. Main contents of the Notification

TPH had, on 20 December 2020, received a notice from its controlling shareholder, Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海国有资产经营管理有限公司) ("**Bohai State-owned Assets Management**") stating that during the public tender-for-sale (公开挂牌出让) in relation to the proposed transfer of 67% of its equity interest in TPH by Bohai State-owned Assets Management (the "**Proposed Transfer**"), Jinhushen Biological Medical Science and Technology Co., Ltd (津沪深生物医药科技有限公司) (the "**Purchaser**") was the only successful bidder upon the end of the bidding, and has been confirmed as the transferee of the Proposed Transfer.

On 19 December 2020, the Purchaser had entered into a sale and purchase agreement (the "**SPA**") with Bohai State-owned Assets Management in relation to the acquisition of 67% equity interest in TPH (the "**Acquisition**").

2. Information on the Purchaser

Name : Jinhushen Biological Medical Science and Technology Co., Ltd

Uniform social credit No. : 91120103MA075MN31R

Registered capital : RMB 5 billion

Date of incorporation : 21 October 2020

Legal representative : XU Bo (徐波)

Registered address : 2-405 Peijian, Qi Xian Nan Li, Cross of Neijiangbei Road, Heiniucheng Avenue Nei, Hexi, Tianjin (天津市河西区黑牛城道内江北路交口七贤南里配建二-405)

Main business address : 2-405 Peijian, Qi Xian Nan Li, Cross of Neijiangbei Road, Heiniucheng Avenue Nei, Hexi, Tianjin (天津市河西区黑牛城道内江北路交口七贤南里配建二-405)

Postcode : 300202

Business scope : General items: technical R&D of biological and chemical products; technical service, technical development, technical consultancy, technical exchange, technology transfer and promotion; category 2 medical device sales; sales of pharmaceutical equipment; manufacturing pharmaceutical equipment; international freight agency; domestic freight agency; general goods warehousing (excluding dangerous chemical products subject to separate approvals); non-residential property leasing; general social and economical consultancy; management for self-invested assets; self-funded investment; (operation based on business license save for items where separate permits are required)

Items subject to separate permits: manufacturing of drug; distribution of drug; retail of drug; sales of chemical products which may be used for narcotics; manufacturing category 3 medical device; manufacturing of category 2 medical device; sales of category 3 medical device; various construction works; import and export of goods and technology (separate permits to be obtained if necessary)

The transferee of the Proposed Transfer is the Purchaser, and the Purchaser does not have any actual controller in accordance with the laws of the People's Republic of China (the "PRC").

As at the date of this announcement, the shareholders of the Purchaser are Shanghai Liuliguang Medical Development Co., Ltd (上海琉璃光医药发展有限公司) ("**Liuliguang Medical**"), Shenzhen Qianhai Furong Asset Management Co., Ltd (深圳市前海富荣资产管理有限公司) ("**Qianhai Furong**"), Shenzhen Ruice Biological Medical Development Co., Ltd (深圳市瑞测生物医药发展有限公司) ("**Ruice Biological**") and Hainan Special Economic Zone Yousheng Enterprise Management Limited Partnership (海南经济特区友盛企业管理合伙企业 (有限合伙)) ("**Yousheng LP**") holding 35%, 34%, 16% and 15% equity interest of the Purchaser respectively. In accordance with the articles of association of the Purchaser, shareholders shall pass resolutions on the matters discussed at the shareholders' meeting. Where any resolution is proposed to be passed by the shareholders, it shall be passed by the shareholders representing more than half of the voting rights.

However, where any resolution is proposed to be passed by the shareholders on relevant major matters, it shall be passed by the shareholders representing more than two thirds of the voting rights. None of the shareholders of the Purchaser is able to pass a resolution on the matters discussed at the shareholders' meeting of the Purchaser by virtue of its own voting rights at its sole discretion. As confirmed by each of the shareholders of the Purchaser, there is no nominee holding/equity entrustment (股权代持), acting in concert or other arrangements among the shareholders of the Purchaser.

As at the date of this announcement, the board of directors of the Purchaser comprises 6 directors, of which, 2 directors were recommended by Liuliguang Medical, 2 directors were recommend by Qianhai Furong, 1 director was recommend by Ruice Biological and 1 director was recommended by Yousheng LP. None of the shareholders of the Purchaser is entitled to recommend or actually control more than a majority of the members of the board of directors of the Purchaser. In accordance with the articles of association of the Purchaser, each director of the Purchaser shall have one vote for the voting on resolutions of the board of directors. Where any resolution is proposed to be passed by the directors, it shall be passed by more than half of all the directors. However, where any resolution is proposed to be passed by the directors on relevant major matters, it shall be passed by all the directors. Each director of the Purchaser has one vote for the voting on resolutions of the board of directors of the Purchaser, and none of the directors recommended by any of the shareholders of the Purchaser is able to pass a resolution on the matters discussed at meeting of board of directors of the Purchaser at his/her sole discretion.

In summary, none of the shareholders of the Purchaser has, individually, majority control over the shareholders' meeting, the board of directors, and the election and appointment of the members of the board of directors or the management of the Purchaser. The Purchaser does not have a controlling shareholder or actual controller in accordance with the laws of the PRC. Following the completion of the Acquisition, the Purchaser and Bohai State-owned Assets Management will be the shareholders of TPH and will form a new board of directors of TPH. The Purchaser will exercise its shareholders' rights as an indirect shareholder of the Company through TPH, which would have no adverse impact on the governance of the Company.

3. Core elements of the Acquisition

Information on the parties	:	(a) The Transferor: Bohai State-owned Assets Management
		(b) The Transferee: the Purchaser
Equity interest to be transferred	:	67% of its equity interest in TPH by Bohai State-owned Assets Management
Mode of equity transfer	:	Bohai State-owned Assets Management shall transfer its 67% equity interest in TPH to the Purchaser for cash consideration (the " Consideration ")
Employee resettlement involved in the Acquisition	:	The Purchaser recognizes the relevant employee resettlement plan and will maintain the stability of employees of TPH and its subordinate enterprises subsequent to the Acquisition.
Consideration and Payment method	:	The Consideration shall be paid in cash in the following manner:
		(a) The Purchaser shall pay an amount equivalent to thirty per cent. (30%) of the Consideration (less the deposit

paid by the Purchaser) within 5 working days from the signing date of the SPA;

- (b) The Purchaser shall pay an amount equivalent to ten per cent. (10%) of the Consideration within 5 working days from the effective date of the SPA; and
- (c) The Purchaser shall pay the balance of the Consideration within 1 year from the effective date of the SPA.

The Purchaser shall pay the corresponding interest for deferred payment and provide guarantee for the payment.

Completion arrangement : The Transferor and the Transferee acknowledge that completion of the Acquisition shall take place on the date on which TPH completes the industrial and commercial modification registration formalities in relation to the Acquisition (the “**Completion Date**”), and the Purchaser shall have the rights and obligations as a shareholder of TPH in proportion to 67% equity interest subsequent to the Completion Date.

Execution and Effectiveness of the SPA : The SPA is executed on the date on which the legal representative or authorized representative of the Transferor and the Transferee have signed and affixed the respective company seal of the Transferor and the Transferees, and shall come into effect on the date the following conditions have been fulfilled:

- (a) approval from the competent state-owned assets supervision and administration authority in relation to the Proposed Transfer; and
- (b) approval from the superior competent authority of the Transferee in relation to the Acquisition, if required.

4. Impact on the Company and notification of risks

- (1) In accordance with Article 45 of the “*Measures for the Supervision and Administration of State-owned Equities of Listed Companies*” (上市公司国有股权监督管理办法), the Acquisition shall be reported to the Tianjin State-owned Assets Supervision and Administration Commission (天津市国资委) for review and approval after the signing of the SPA.
- (2) In accordance with “*Anti-Monopoly Law of the People's Republic of China*” (中华人民共和国反垄断法), the Acquisition shall be subject to the review and approval of the Anti-trust Bureau of the State Administration for Market Regulation (国家市场监督管理总局反垄断局).
- (3) If the Proposed Mixed-ownership Reform can be successfully implemented, the actual controller of the Company will change.
- (4) The Company will monitor the progress of the Proposed Mixed-ownership Reform closely, and will make timely disclosures in accordance with the requirements of relevant laws and

regulations.

- (5) The media platforms designated by the Company for information disclosure are the China Securities Journal (中国证券报), Shanghai Securities Journal (上海证券报), the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Singapore Exchange Securities Trading Limited (www.sgx.com). All information in relation to the Proposed Mixed-ownership Reform disclosed by the Company shall be subject to the official announcement(s) published on the aforesaid designated media platforms.

Shareholders and potential investors of the Company are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Mixed-ownership Reform will be successful or will result in any transaction.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
20 December 2020