

RESULTS OF THE INITIAL GRANT UNDER THE 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 ending 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**”); and
- (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**”).

Electronic copies of each of the 7th Board Meeting Announcement, the 6th Supervisory Committee Meeting Announcement, the Explanatory Statement Announcement, the Corrigendum Announcement, the EGM Results Announcement, the Self-examination Report Announcement, the 10th Board Meeting Announcement, the 9th Supervisory Committee Announcement, the Adjustments Announcement, the Initial Grant Announcement, the List of Adjusted Participants Announcement 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.

IMPORTANT REMINDER

- Registration Date of Restricted A-Shares: 7 January 2020
- Number of Restricted A-Shares Registered: 3,930,000

The Company had on 8 January 2020 received a “Certificate of Change of Securities Registration” (证券变更登记证明) (the “**Certificate of Change of Registration**”) issued by the China Securities Depository and Clearing Co., Ltd. Shanghai Branch (the “**CSDC Shanghai Branch**”). According to the Certificate of Change of Registration, the Company had on 7 January 2020 completed the registration of the Restricted A-Shares granted under the Initial Grant with the CSDC Shanghai Branch. Further details are as set out below.

I. GRANT OF RESTRICTED A-SHARES

1. Information on the decision-making procedures and information disclosure in relation to the Initial Grant

- (1) On 16 October 2019, the Company duly convened its 7th Board meeting and 6th 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, comprising Mr. Timothy Chen Teck Leng, Mr. Wong Gang and Mr. Qiang Zhiyuan (the “**Independent Directors**”), and the Supervisory Committee have 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 26 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 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) and other proposals relating to the Scheme.
- (4) 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). The Independent Directors 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.

Please refer to the 7th Board Meeting Announcement, the Explanatory Statement Announcement, the EGM Results Announcement and the 10th Board Meeting Announcement for further details.

2. Information on actual grant of Restricted A-Shares

None of the Adjusted Participants waived his/her rights to subscribe for his/her corresponding Restricted A-Shares, during the process of execution of agreements and payment of funds after the determination of the Initial Grant Date. Therefore, the relevant matters including the Initial Grant Date, the Grant Price and the source of underlying shares in relation to the Initial Grant are consistent with those as considered and approved by the Board.

Details of the actual grant of Restricted A-Shares under the Scheme are as follows:

- (1) Initial Grant Date: 9 December 2019
- (2) Number of Restricted A-Shares Granted: 3,930,000
- (3) Number of Participants being granted the Restricted A-Shares: 115

- (4) Grant Price: RMB 7.20 for each Restricted A-Share
- (5) Source of Restricted A-Shares: the ordinary A-Shares issued by the Company to the Participants

3. List of Participants who have been granted Restricted A-Shares and the corresponding grant details

The allocation of the Restricted A-Shares granted by the Company to the Participants is as follows:

Personnel category	Number / designations	Number of Restricted A-Shares granted ('000 shares)	Percentage of the total number of the Adjusted Initial Granted Restricted A-Shares under the Scheme of 3,930,000 Restricted A-Shares	Percentage of the total issued share capital of the Company as at date of the announcement of the Scheme
Li Liqun 李立群	Chairman of the Board	70.00	1.78%	0.009%
Yu Hong 余红	Director, General Manager	70.00	1.78%	0.009%
Zhang Jian 张健	Deputy General Manager	70.00	1.78%	0.009%
Wang Mai 王迈	Employee Director	70.00	1.78%	0.009%
Zhou Hong 周鸿	Director, Deputy General Manager, Chief Engineer	70.00	1.78%	0.009%
Wang Xin 王欣	Deputy General Manager	70.00	1.78%	0.009%
Ni Zhenguo 倪振国	Deputy General Manager	70.00	1.78%	0.009%

Niu Shengfang 牛胜芳	Deputy General Manager	70.00	1.78%	0.009%
Jiao Yan 焦艳	Secretary to the Board	30.00	0.76%	0.004%
Members of management team, leading- level scientific research experts, core personnel for scientific research and technology and members of core management team of subordinate enterprises of the Company (excluding the Company's associated companies)	106	3,340.00	84.99%	0.433%
Total	115	3,930.00	100%	0.511%

II. VALIDITY PERIOD, LOCK-UP PERIODS AND RELEASE ARRANGEMENT OF THE SCHEME

(1) Validity Period of the Scheme

The Validity Period of the Scheme shall commence on the Initial Grant Date and end on the date when all the 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.

(2) Lock-up periods and Release Periods of the Scheme

The Lock-up Periods of the 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 Restricted A-Shares. The 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 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 Restricted A-Shares held by those Participants who do not satisfy the Release Conditions shall be repurchased and cancelled by the Company.

The Release Periods and release arrangement for the Restricted A-Shares granted under the Scheme are set out in the table below:

Release Arrangement	Release Periods	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
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 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 Restricted A-Shares	33%
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 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 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 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 Restricted A-Shares	34%

III. CAPITAL VERIFICATION ON SUBSCRIPTION FUNDS RECEIVED FOR THE RESTRICTED A-SHARES

On 13 December 2019, ShineWing Certified Public Accountants LLP (信永中和会计师事务所 (特殊普通合伙)) conducted a verification on the newly increased registered capital and share capital, following the actual payment of monies by the Participants who have been granted Restricted A-Shares, and issued a “Capital Verification Report (No. XYZH/2019BJA200014)” (验资报告) (the “**Capital Verification Report**”) in respect thereof. According to the Capital Verification Report, as at 10 December 2019, the Company has

received subscription funds in an aggregate amount of RMB 28,296,000 paid by 115 Participants for the subscription of 3,930,000 Restricted A-Shares, of which, RMB 3,930,000 forms the newly increased share capital and RMB 24,366,000 is listed in the capital reserves. All of the 115 Participants paid the subscription funds in cash.

IV. REGISTRATION OF RESTRICTED A-SHARES

The procedures for the registration of Restricted A-Shares under the Initial Grant were completed on 7 January 2020, and CSDC Shanghai Branch issued the Certificate of Change of Registration in connection therewith.

V. IMPACT ON THE CONTROLLING SHAREHOLDER OF THE COMPANY BEFORE AND AFTER THE INITIAL GRANT

Upon completion of the Initial Grant under the Scheme, the total number of shares in the capital of the Company increased from 768,873,076 to 772,803,076, and the number of shares held by Tianjin Pharmaceutical Holdings Co., Ltd. (“TPH”), the controlling shareholder of the Company, remains unchanged.

Prior to the Initial Grant, TPH held 331,120,528 shares in the capital of the Company, representing approximately 43.066% of the total number of shares in the capital of the Company. After the Initial Grant, TPH holds approximately 42.847% of the total number of shares in the capital of the Company. The Initial Grant will not result in any change in the control of the Company.

VI. CHANGES IN THE SHARE CAPITAL OF THE COMPANY

The changes in the share capital of the Company following the completion of the Initial Grant are as follows:

Unit: share(s)

Categories		Before the changes	Changes	After the changes
1. Shares subject to selling restrictions		3,005,000	3,930,000	6,935,000
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		768,873,076	3,930,000	772,803,076

VII. PLAN FOR USE OF PROCEEDS

The proceeds raised by the Company from issuance of ordinary A-Shares to the Participants will be fully used to replenish the working capital of the Company.

VIII. IMPACT ON THE LATEST FINANCIAL REPORT

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 eligible to release the Restricted A-Shares held by them from the lock-up requirements, and the completion of the performance targets and other subsequent information. The Company shall also recognise the services acquired during such period by recording the relevant costs or expenses and capital reserve, based on the fair value of the Restricted A-Shares as at the Initial Grant Date.

- (1) Accounting treatment on the Initial Grant Date: Payment of the Restricted A-Shares granted and the share capital and capital reserve shall be determined according to the issue of the Restricted A-Shares to the Adjusted Participants 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 Restricted A-Shares can be released from the lock-up requirements if all Release Conditions are satisfied; if all or part of the 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 Initial Grant Date shall be on 9 December 2019, the incentive costs from the Scheme shall be recognized based on the total fair value as at the Initial Grant Date, and the impact of the grant of Restricted A-Shares under the Scheme on the accounting costs incurred in each accounting period are as follows:

Unit: RMB'0,000

Total costs	2019	2020	2021	2022	2023
2,365.86	51.34	851.71	828.18	445.66	188.98

Note:

The above does not represent the final accounting costs. The actual accounting costs will be affected by the actual number of the Restricted A-Shares that are valid and the actual number of the Restricted A-Shares that have lapsed, and the shareholders of the Company are reminded of the possible dilution effects.

The final results of the above impact on the operating results of the Company shall be subject to the annual audit report issued by an accounting firm.

IX. DOCUMENTS FOR INSPECTION

- (1) The “Certificate of Change of Securities Registration” (证券变更登记证明) issued by the CSDC Shanghai Branch.
- (2) The “Capital Verification Report” (验资报告) issued by ShineWing Certified Public Accountants LLP (信永中和会计师事务所 (特殊普通合伙)).

By order of the Board
8 January 2020