

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.: 120000000004711)

(Incorporated in the People's Republic of China (the "PRC"))

Resolutions Passed at the 6th Board Meeting for FY2014

The board of directors of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Board") collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm after making 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.

Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "**Company**") had on 16 June 2014 issued a notice of board meeting to its directors in respect of the 6th board meeting for FY2014, and the board meeting was duly convened on 26 June 2014. The following resolutions were discussed and passed by the full Board of 9 directors.

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 contents of "Authorisation from the Shareholders to the Board for the Proposed Placement" (提请股东大会授予董事会非公开发行A股股票一般性授权) be approved.

Pursuant to the Memorandum & Articles of Association of the Company, the special voting procedures of holders of shares in a class shall not apply in the event where, subject to the approval of the shareholders of the Company (the "**Shareholders**") in general meeting of the Company (the "**General Meeting**") by way of a special resolution, the Company makes an offer of domestic investment shares or foreign investment shares listed outside the PRC once every 12 months (whether such offer is made separately or concurrently), and the proposed issue of domestic investment shares or foreign investment shares listed outside the PRC does not exceed 20% of the issued shares of that class at that time.

As the proposed placement of A-Shares (the "Proposed Placement") does not exceed 20% of the total issued A-Shares, the Company will be seeking the approval of the Shareholders in the General Meeting by way of a special resolution, but will not be seeking a separate special resolution from the holders of S-Shares. The authorisation

shall be effective for a period of 12 months from the date of this resolution being approved by the General Meeting.

- (2) **That**, the contents of “Requirements for a private placement of A-Shares“ (公司符合非公开发行 A 股股票条件) be approved.

After considering the *Company Law* of the People’s Republic of China (“**PRC**”) (《中华人民共和国公司法》), *Securities Law* of the PRC (《中华人民共和国证券法》), *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司证券发行管理办法》), *Detailed Rules for the Private Placement of Shares by Listed Companies* (《上市公司非公开发行股票实施细则》), and other relevant laws and regulations, the Board is of the view that the Proposed Placement is in accordance with the applicable PRC rules and regulations.

- (3) **That**, the contents of the “Summary of Proposed Placement” (公司非公开发行 A 股股票方案) be approved.

(i) **Type and par value of shares to be issued**

The placement shares are Renminbi ordinary shares (A-Shares) (the “**Placement Shares**”). The par value per share is RMB 1.00.

(ii) **Method and time of issuance**

The Placement Shares will be offered to designated investors via a private placement at an appropriate time within 6 months upon receipt of the approval of the the China Security Regulatory Commission (“**CSRC**”).

(iii) **Number of Placement Shares**

The number of shares to be issued in the proposed placement is up to 90,000,000 A-Shares. The final number of shares to be issued will be determined by the Board through consultation with the sponsor (lead underwriter) of the proposed placement, and will be adjusted if an ex-right or ex-dividend matter has occurred during the period from the base date of pricing to the date of issuance of the Placement Shares. For the avoidance of doubt, the number of shares to be issued will not exceed 90,000,000.

(iv) **Target placees and subscription method**

As the proposed placement is still subject to the approval of the CSRC, the identity of the placees are not finalised yet. Upon receipt of the approval of the CSRC, the identity of the placees will be determined according to the subscription conditions and quotations of the placees based on the principle of price priority. All the placees will subscribe for shares in cash.

Pursuant to the relevant PRC rules and regulations, there shall not be more than 10 placees, and these placees must be qualified investors such as

securities investment fund management companies, securities companies, trust and investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors as well as other institutional investors and natural persons that meet the requirements of the CSRC under the relevant rules and regulations (the “**Placees**”). Where a securities investment fund management company is to subscribe for shares with two or more of its funds, it will be regarded as one placee; where the placee is a trust and investment company, it can only subscribe for shares with its own funds.

The Company does not intend to issue the Placement Shares to any of the following persons: (i) the Directors and Substantial Shareholders of the Company; (ii) immediate family members of the Directors and Substantial Shareholders of the Company; (iii) Substantial Shareholders of the Company, Related Companies, associated companies and sister companies of the Substantial Shareholders of the Company; and (iv) corporations in whose shares the Directors and Substantial Shareholders of the Company have an aggregate interest of at least 10%.

(v) **Base date of pricing, issue price and pricing method**

The base date of pricing for the proposed placement of A-Shares is 27 June 2014.

The issue price shall be not less than RMB12.83, calculated as 90% of the Company’s average share price over 20 trading days prior to the base date of pricing (the “**Issue Price**”). The Company’s average share price over 20 trading days prior to the base date of pricing was calculated as follows: total trading amount over 20 trading days prior to the base date of pricing/ total trading volume over 20 trading days prior to the base date of pricing.

Where there is distribution of dividends, issue of bonus shares, transfer of capital reserve into share capital and other ex-right and ex-dividend matters during the period from the date of announcement of the board resolution to the date of issuance of the Placement Shares, the minimum Issue Price will be subject to corresponding adjustments. After the Company has obtained the approval documents of the CSRC on the proposed placement of A-Shares, the specific Issue Price will be determined by the Company’s Board and the placement agent of the proposed placement through consultation based on price inquiry results.

(vi) **Amount and use of proceeds**

The total proceeds from the proposed placement amount to up to approximately RMB 1.154 billion, and after deducting the offering expenses of approximately RMB 30.1 million, are planned to be used in the following

projects:

No.	Name of project		Total amount required for the project (RMB million)	Amount of net proceeds to be invested (RMB million)
1	Terminal Marketing Network and Promotional System Project		310.42	310.42
2	Bozhou Industrial Park Construction Project	Chinese Medicine Extraction and Preparation Project	250.00	127.50
		Project on Chinese Medicine Decoction Pieces	150.00	76.50
3	Wellness and Functional Vegetable Beverages Project		299.92	299.92
4	Pharmaceutical Logistics Center Project		310.26	310.26
Total			1,320.60	1,124.60

Where the amount of net proceeds to be invested falls short of the total amount required for the project, the shortfall will be financed using cash generated internally from the Company's own operations.

Before the receipt of the net proceeds, the Company may invest in the projects using cash generated internally from the Company's own operations. This will be replaced by the net proceeds upon receipt.

On the premise that no change will be made to the list of projects, the Board may make appropriate adjustments to the order of investment and amount of proceeds to be invested in the above projects in accordance with the actual needs of the projects.

(vii) **Place of listing**

Upon expiry of the lockup period, the Placement Shares will be listed on the Shanghai Stock Exchange.

(viii) **Lockup period**

The Placement Shares subscribed for by the placees are prohibited to be transferred within 12 months from the closing date of the issuance of the Placement Shares.

(ix) **Distribution of profits retained prior to the Proposed Placement**

Undistributed profits retained by the Company prior to the proposed placement will be available for distribution amongst the new and existing Shareholders of the Company after the completion of the proposed placement.

(x) **Effective period of resolution on the Proposed Placement**

The resolutions on the proposed placement will be effective for 12 months starting from the date the resolution was considered and passed at the General Meeting.

- (4) **That**, the contents of the “Plan for the Proposed Placement” (公司非公开发行 A 股股票预案) (annexed hereto as Appendix A) be approved.
- (5) **That**, the contents of the “Feasibility Analysis Report on the Use of Proceeds” (公司非公开发行 A 股股票募集资金使用可行性分析报告) (annexed hereto as Appendix B) be approved.
- (6) **That**, the “Authorisation from Shareholders to the Board for Matters in relation to the Proposed Placement” (提请股东大会授权董事会全权办理本次非公开发行相关事宜) be approved.

Authorisation from the Shareholders shall be obtained at the General Meeting to authorise the Board to do all such acts and things that they may consider expedient, desirable or necessary to give effect to the Proposed Placement, including:

- (i) formulate and implement a detailed plan for the Proposed Placement within the scope permitted by the applicable laws, rules and regulations, as well as the Articles of Association of the Company, in accordance with the requirements of the CSRC. The plan must be based on the approval of the Shareholders on the specific conditions, including but not limited to the timing of the issuance, the number of shares to be issued, the starting date and end date of the issuance, the issue price, the method of issuance, the selection of target investors, the specific ways to subscribe for the shares, the subscription proportion and other matters relating to the method of pricing of the issuance;
- (ii) authorise the Board, the Board Chairman and the representative authorised by the Board Chairman to sign, modify, supplement, submit, report and execute all agreements and application documents in relation to the Proposed Placement and to undertake relevant application, reporting, registration and filing procedures as well as to sign major contracts and important documents in the process of implementing the Proposed Placement and the investment projects;
- (iii) determine and hire the placement agent, lawyers and other professionals in relation to the Proposed Placement;
- (iv) on the premise that the investment projects remain unchanged, make appropriate adjustments to the order of investment and the amount of

proceeds to be invested according to the requirements of relevant competent departments, the actual conditions of the securities market and the actual needs of the projects;

- (v) modify relevant provisions of the Articles and handle matters on the change of business registration in accordance with the results of the Proposed Placement;
 - (vi) handle matters on the listing of A-Shares to be issued in the Proposed Placement on the Shanghai Stock Exchange after the Proposed Placement is completed;
 - (vii) where the CSRC has new provisions on the additional issuance of new shares or the CSRC has other specific requirements, authorise the Board to make corresponding adjustments to the detailed issuance plan in accordance with the new policies and provisions or specific requirements of the CSRC (unless otherwise provided in relevant laws and regulations and the Articles of Association that re-voting at the General Shareholders' Meeting is required);
 - (viii) where there is a force majeure event or there are other circumstances that could create difficulty in implementing the Proposed Placement or may entail adverse consequences for the Company even if it could be implemented or there are changes in the policy on the Proposed Placement give discretion to postpone the implementation of the Proposed Placement or make corresponding adjustments to the detailed plan for the Proposed Placement in accordance with the new policy on the Proposed Placement;
 - (ix) to do all such acts and things that the Board may consider expedient, desirable or necessary to give effect to the Proposed Placement;
 - (x) the authorisation on Items 4 to Item 6 above are to be effective within the duration of the relevant items starting from the date of approval of the Company's General Shareholders' Meeting while the authorisation on the other items are to be effective for a period of 12 months starting from the date of approval of the Shareholders at the General Meeting.
- (7) **That**, the proposed Capital Increase in the Company's subsidiaries by using the Proceeds from the Proposed Placement (拟以募集资金对控股子公司增资) be approved.

Part of the proceeds from the Proposed Placement will be used for the construction of Bozhou Industrial Park Construction Project (the "Bozhou **Project**"), which will be implemented by Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd. (天津达仁

堂（亳州）中药饮片有限公司) (the “Bozhou Co”). The Company holds 51% of the shareholding in Bozhou Co. The total amount required to be invested in the Bozhou Project is approximately RMB 400 million, of which approximately RMB 204 million will be invested via a capital contribution to the share capital of Bozhou Co. The other shareholders of Bozhou Co are Anhui Jingquan Enterprise Group Co., Ltd. (安徽井泉企业集团有限公司) (currently holding 15% of equity interest in Bozhou Co), Tianjin Yu-liang Investment Co., Ltd. (天津市裕良投资有限公司) (currently holding 15% equity interest in Bozhou Co), Tianjin Jinlian Zhida Business Information Consulting Co., Ltd. (天津津联智达商务信息咨询有限公司) (currently holding 19% of equity interest in Bozhou Co). The shareholders of Bozhou Co have signed a conditional subscription agreement, pursuant to which, the shareholders of Bozhou Co will increase their share capital in proportion to their shareholding within 30 working days after the proceeds from the placement of A-Shares have been transferred to the designated account. Before the transfer, according to the progress of Bozhou Project, the Company may choose to use its own funds with other shareholders to increase the share capital of the Bozhou Co in proportion to their shareholding in order to meet the requirements for building the Bozhou Project.

- (8) **That**, the proposed “Measures for the Management of Proceeds” (募集资金管理办法) annexed hereto as Appendix C) be approved.
- (9) **That**, the proposed “Amendments to the Articles of Association of the Company” (公司章程 (修订案)) (annexed hereto as Appendix D) be approved.

Pursuant to the issuance or amendment of *Guideline No. 3 – Issuance of Cash Dividends by Listed Companies* promulgated by CSRC (《上市公司监管指引第 3 号—上市公司现金分红》), *Guideline for the Issuance of Cash Dividends by Listed Companies* promulgated by the SSE (《上市公司现金分红指引》), *Rules Governing the Shareholders’ Meetings of the Listed Companies* as amended by CSRC in 2014 (《上市公司股东大会规则》), *Rules Governing the Listing of Securities on the Shanghai Stock Exchange*, (《上海证券交易所股票上市规则》), and other relevant laws and regulations, the Company is proposing to amend Articles 67, 86 and 219 of the Articles of Association (annexed hereto as Appendix D).

- (10) **That**, the proposed “Scheme on Return of Investment to Shareholders from 2014 to 2016” (2014-2016 年股东回报规划) (annexed hereto as Appendix E) be approved.
- (11) **That**, the proposed Amendments to the Rules of Procedure of the Shareholders’ Meeting of the Company (公司股东大会会议事规则 (修订案)) (annexed hereto as Appendix F) be approved.

Pursuant to amendments made by the CSRC in 2014 to the *Rules of the Shareholders’ Meeting of Publicly Listed Companies* (《上市公司股东大会规则》), the Company is proposing to amend Rule 44 of the Rules of Procedure of the

Shareholders' Meeting of the Company (annexed hereto as Appendix F).

- (12) **That**, the proposed convening of the first Extraordinary General Meeting in 2014 be approved.

The Company proposes to convene the first Extraordinary General Meeting on 18 August 2014 (the "EGM") to review the resolutions passed in the 6th board meeting. The holders of A-Shares may personally attend the EGM to vote, or they may vote via the Internet. The holders of S-Shares may attend via video conference.

Resolutions 1 to resolution 6, and resolutions 8 to resolution 11 shall be approved by the Shareholders at the EGM to be convened.

- (13) **That**, the submission of the circular for the EGM to the Singapore Exchange Securities Trading Limited for its review be approved.

The independent directors of the Company are of opinion that the Proposed Placement and the proposed Scheme on Return of Investment to Shareholders from 2014 to 2016 are in the interests of the Company. The opinion of the independent directors is annexed hereto as Appendix G.

By order of the Board

26 June 2014