

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.: 91120000103100784F)

(Incorporated in the People's Republic of China)

Resolutions Passed at the 1st Board Meeting for FY2019

The board of directors (the “Board”) and every individual director of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) 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.

Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “Company”) had on 18 January 2019 issued a notice of board meeting to its directors in respect of the 1st board meeting for financial year ending 31 December 2019 (“FY2019”), and the board meeting was duly convened on 29 January 2019. The following resolutions were discussed and passed by 7 directors out of the full board of 7 directors.

The said meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company, and the following resolutions were passed:

1. **That**, the proposed renewal of the interested person transactions (the “IPTs”) between the Company and Tianjin Pharmaceutical Group Co., Ltd. (天津市医药集团有限公司) (“TPG”), Tianjin Pharmaceutical Group Jing Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司), Tianjin Pharmaceutical Group Hongze Medicine Co., Ltd. (天津医药集团泓泽医药有限公司), Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (天津医药集团太平医药有限公司), Tianjin Lisheng Pharmaceutical Co. Ltd. (天津力生制药股份有限公司), Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司), Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司), Tianjin Taiping Longlong Pharmaceutical Co., Ltd. (天津太平龙隆医药有限公司), Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司) and Tianjin Yiyao Printing Services Company Limited (天津宜药印务有限公司), be approved.

Further details on the aforesaid IPTs are set out in Appendix 1 appended hereto.

2. **That**, the proposed new IPTs with Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司), Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司), Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司), Tianjin Jincao Pharmaceutical Co., Ltd. (天津市金草药业有限公司), Tianjin Jincao Guoyao Investment Co., Ltd. (天津金草国药投资有限公司), Tianjin Meiyin Nutritional

Supplement Co., Ltd. (天津美饮保健食品有限公司), Tianjin Pharmaceutical Group Jian Kang Da Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司), Tianjin Pharmaceutical Clean Air Testing Center Co., Ltd. (天津市医药空气洁净检测中心有限公司), Tianjin Medical Apparatus and Instruments Factory Co., Ltd. (天津市医疗器械厂有限公司), Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司), Tianjin Hana Good Medical Materials Co., Ltd. (天津哈娜好医材有限公司), Tianjin Zhong Jian Ai and Medical Technology Co., Ltd. (天津众健爱和医疗科技有限公司), Hebei De Ze Long Pharmaceutical Co., Ltd. (河北德泽龙医药有限公司), Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司), Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司), Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司), Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司), Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药物研究院有限公司), Tianjin Institute Of Pharmaceutical Research Medicine Co., Ltd. (天津药物研究院药业有限责任公司), Tianjin Jinyao Pharmaceutical Co., Ltd. (天津金耀药业有限公司), Tianjin Tianyao Pharmaceutical Co., Ltd. (天津天药药业股份有限公司), Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (天津天药医药科技有限公司), Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司), Tianjin Jinyao Logistics Co., Ltd. (天津金耀物流有限公司), Tianjin Wanning Health Products Co., Ltd. (天津万宁保健品有限公司), Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司), Tianjin Tianan Pharmaceutical Co., Ltd. (天津天安药业股份有限公司) and Tianjin Gesibao Medicine Industry Co., Ltd. (天津格斯宝药业有限公司), be approved.

The Company intends to enter into new IPTs with the aforesaid companies for a period of three (3) years ending 30 June 2022. The new IPTs are in the ordinary course of business of the Company, the conditions and terms of which will be similar to other IPTs of the same nature with the Company. Further details on these IPTs are also set out in Appendix 1 appended hereto.

3. **That**, the use by the Company of its own funds of no more than RMB280 million for cash management, be approved.

In order to improve the efficiency of the use by the Company of its own funds, the Board has agreed that the Company may use its own funds up to an amount not exceeding RMB280 million (which accounted for approximately 6.25% of the Company's latest audited net asset value) for cash management to increase capital gains and provide better return on investment for the Company and its Shareholders. The term of the cash management investment products shall not exceed 12 months from the date of approval by the Board, and the Company can roll over its own funds within the above-mentioned term.

4. **That**, due to the re-designation of Ms. Yan Min, the removal of Ms. Yan Min as the Chief Financial Officer of the Company, be approved.

The above resolutions No. 1 and 2 shall be tabled for approval of the shareholders of the Company ("**Shareholders**"), at a general meeting to be convened in due course.

By order of the Board
29 January 2019

Appendix 1

FURTHER DETAILS REGARDING THE INTERESTED PERSON TRANSACTIONS BETWEEN THE COMPANY AND THE INTERESTED PERSONS

1. Basic Information on the Interested Person Transactions

The Company's scope of business covers *inter alia* the production of Chinese traditional medicine, Chinese traditional herbal medicine, biological engineering medicines, chemical medicinal feedstock and chemical reagents, production and sales of nutritional supplement, and sales of medical apparatus. As Tianjin Pharmaceutical Group Co., Ltd ("**TPG**"), the controlling shareholder of the Company, holds equity interests in many pharmaceutical industrial enterprises and pharmaceutical commercial enterprises, in the course of the Company's day-to-day operations, the Company inevitably and will continue to have certain economic exchanges with such affiliated companies, which are considered to be interested person transactions.

The Company had previously entered into agreements with its interested persons (the "**Previous Agreements**"), which were valid for a duration of five (5) years ended 31 December 2018. The Company had obtained board approval for the Previous Agreements at the board meeting held on 10 January 2014, and had obtained Shareholders' approval for the same at its annual general meeting held on 15 May 2014. As the contractual duration of the Previous Agreements has expired on 31 December 2018, pursuant to the relevant regulations, the Company proposes to renew the Previous Agreements, based on the same terms and conditions. Meanwhile, the Company also proposes to enter into agreements with new interested persons (the "**New Agreements**", together with the renewed Previous Agreements, the "**IPT Agreements**"), the conditions and terms of which will be similar to other IPTs of the same nature with the Company. The IPT Agreements will be effective upon signing by the relevant parties and shall be valid for a period of (3) years up to 30 June 2022.

The IPT Agreements shall cover the following categories of transactions: (1) supply of raw materials; (2) sale and purchase of medicinal products; and (3) provision of packaging materials and services.

The IPT Agreements had not provided for an aggregate transaction amount for the aforementioned IPTs. The Company will disclose the values of these IPTs in the annual and interim financial statements.

The entry into the IPT Agreements shall be tabled for Shareholders' approval.

2. Basic Information on the Interested Persons

2.1 Sale and Purchase of Medicinal Products

The Company proposes to enter into agreements for the sale and purchase of medicinal products with the following interested persons:

- (i) Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (天津医药集团太平医药有限公司);
- (ii) Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司);
- (iii) Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司);
- (iv) Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司);
- (v) Tianjin Taiping Longlong Pharmaceutical Co., Ltd. (天津太平龙隆医药有限公司);
- (vi) Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司);
- (vii) Tianjin Jincao Pharmaceutical Co., Ltd. (天津市金草药业有限公司);
- (viii) Tianjin Jincao Guoyao Investment Co., Ltd. (天津金草国药投资有限公司);
- (ix) Tianjin Meiyin Nutritional Supplement Co., Ltd. (天津美饮保健食品有限公司);
- (x) Tianjin Pharmaceutical Group Jian Kang Da Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司);
- (xi) Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司);
- (xii) Tianjin Pharmaceutical Clean Air Testing Center Co., Ltd. (天津市医药空气洁净检测中心有限公司);
- (xiii) Tianjin Medical Apparatus and Instruments Factory Co., Ltd. (天津市医疗器械厂有限公司);
- (xiv) Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司);
- (xv) Tianjin Hana Good Medical Materials Co., Ltd. (天津哈娜好医材有限公司);
- (xvi) Tianjin Zhong Jian Ai and Medical Technology Co., Ltd. (天津众健爱和医疗科技有限公司);
- (xvii) Tianjin Pharmaceutical Group Jing Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司);
- (xviii) Tianjin Pharmaceutical Group Hongze Medicine Co., Ltd. (天津医药集团泓泽医药有限公司);
- (xix) Hebei De Ze Long Pharmaceutical Co., Ltd. (河北德泽龙医药有限公司);
- (xx) Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司);
- (xxi) Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司);
- (xxii) Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司);
- (xxiii) Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司);
- (xxiv) Tianjin Lisheng Pharmaceutical Co. Ltd. (天津力生制药股份有限公司);
- (xxv) Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司);
- (xxvi) Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药物研究院有限公司);
- (xxvii) Tianjin Institute Of Pharmaceutical Research Medicine Co., Ltd. (天津药物研究院药业有限责任公司);
- (xxviii) Tianjin Jinyao Pharmaceutical Co., Ltd. (天津金耀药业有限公司);

- (xxix) Tianjin Tianyao Pharmaceutical Co., Ltd. (天津天药药业股份有限公司);
- (xxx) Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (天津天药医药科技有限公司);
- (xxxi) Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司);
- (xxxii) Tianjin Jinyao Logistics Co., Ltd. (天津金耀物流有限公司);
- (xxxiii) Tianjin Wanning Health Products Co., Ltd. (天津万宁保健品有限公司);
- (xxxiv) Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司); and
- (xxxv) Tianjin Tianan Pharmaceutical Co., Ltd. (天津天安药业股份有限公司).

2.2 Supply of Raw Materials

The Company proposes to enter into agreements for supply of raw materials with the following interested persons:

- (i) Tianjin Pharmaceutical Group Jing Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司);
- (ii) Tianjin Jinyao Pharmaceutical Co., Ltd. (天津金耀药业有限公司); and
- (iii) Tianjin Gesibao Medicine Industry Co., Ltd. (天津格斯宝药业有限公司).

2.3 Packaging Materials and Services

The Company and Tianjin Yiyao Printing Services Company Limited (天津宜药印务有限公司) propose to enter into an agreement for the provision of packaging materials and services from Tianjin Yiyao Printing Services Company Limited (天津宜药印务有限公司).

3. Salient Terms of the IPTs

3.1 Sale and Purchase of Medicinal Products

- A. Subject-matter of agreement: Registered medicines and medical apparatus and instruments in accordance with the quality standards provided by the relevant regulations of People's Republic of China (the "PRC").
- B. Pricing basis and policies: The transactions between the contracting parties shall be conducted in accordance with the principles of equality, voluntariness, fairness and good faith. The transaction price shall be determined by the contracting parties with reference to the market price, provided that in transactions where the Group purchases goods and/or obtains services from interested persons, the pricing and terms of such IPTs shall not be less favourable to the Group than those available in other substantially similar types of transactions between the Group and unrelated third parties, and in transactions where the Group sells goods to interested persons, the pricing and terms of such IPTs shall not be more favourable to the interested person than those extended to unrelated third parties for substantially similar types of transactions.

3.2 Supply of Raw Materials

- A. Subject-matter of agreement: Traditional Chinese Medicine (TCM) materials.
- B. Pricing basis and policies: The supply price offered by the Company shall be determined in accordance with the pricing method provided by the relevant regulations applicable in PRC and Tianjin city. In the absence of such pricing method, the price of the relevant TCM material shall be determined by the contracting parties with reference to the market price, provided that such price shall not be lower than the price offered by the Company to any third party.

3.3 Packaging Materials and Services

- A. Subject-matter of agreement: Packaging and printing services required by the Company for the production of medicines.
- B. Pricing basis and policies: The price of such services shall be determined by the contracting parties through negotiations, taking into consideration the principle that the price shall not be higher than the market price of the similar type of services offered by a third party.

The IPT Agreements will be effective upon signing by the relevant parties and shall be valid for a period of three (3) years ending 30 June 2022. However, pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited, the IPT Agreements shall be subject to approval by the Shareholders in a general meeting being obtained before each anniversary date after the IPT Agreements come into effect. If the Company fails to obtain the approval of the Shareholders, the IPT Agreements will be terminated on the forthcoming anniversary date. The IPT Agreements can be renewed if the contracting parties agree to such renewal before the expiration of the three-year term.

4. RATIONALE FOR THE IPT AGREEMENTS

The above-mentioned IPTs are transactions within the ordinary course of the Group's business, and entry into these transactions will be helpful to the Group in streamlining the management and regulation of sale and purchase of medicinal products, supply of raw materials and use of packaging and printing services. This better ensures the normal production and sales of the Company, and reduces the overall cost incurred by the Company as much as possible.

5. IMPACT ON THE COMPANY

The transactions between the contracting parties will be conducted in accordance with the principles of equality, voluntariness, fairness and good faith. The price thereto will be determined in accordance with the relevant regulations of the State Development Planning

Commission of the PRC, or the market price. The IPT Agreements will not be prejudicial to the interests of the Company and its minority Shareholders.

6. REVIEW PROCEDURES IN RELATION TO THE IPT AGREEMENTS

6.1 Board Procedure

In the 1st board meeting for FY2019 held on 29 January 2019, the resolution approving the IPT Agreements were passed by 7 Directors (including all of the Independent Directors) out of the full board of 7 directors of the Company. None of the Directors is related to TPG and/or any of the interested persons of the Company as set out above.

A general meeting of the Shareholders will be convened to seek the approval of Shareholders for the entry into the IPT Agreements.

6.2 Prior Approval and Opinions from the Independent Directors

Pursuant to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (上海证券交易所股票上市规则), the Independent Directors of the Company opine as follows:

- (a) The decision-making procedures in relation to the above-mentioned IPTs and IPT Agreements are in compliance with the provisions of the applicable laws and administrative regulations of the Articles of Association of the Company;
- (b) The above-mentioned IPTs and IPT Agreements are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders; and
- (c) The above-mentioned IPTs and IPT Agreements will be conducted in accordance with the principles of equality, voluntariness, fairness and good faith, and the price thereto will be determined in accordance with the relevant regulations applicable in PRC, or the market price.

The Independent Directors agree that the aforementioned matters shall be tabled for Shareholders' approval at a general meeting to be convened.