

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED
(Company Registration No.: 91120000103100784F)
(Incorporated in the People's Republic of China)

Resolutions Passed at the 2nd Board Meeting for FY2020

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 Company had on 7 February 2020 issued a notice of board meeting to its directors in respect of the 2nd board meeting for financial year ending 31 December 2020 (“FY2020”), and the board meeting was duly convened by means of telephone conference on 17 February 2020.

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 discussed and passed by the 8 directors out of the full board of 8 directors:

1. That, upon review and nomination by the Nomination Committee, the proposed appointment of Ms. Li Yan as General Manager of the Company for a service term from the date on which such proposal has been considered and approved by the Board up to 31 December 2022, be approved.

Ms. Li Yan, born in July 1969, graduated from the School of Traditional Chinese Medicine of China Pharmaceutical University, majoring in Identification of Traditional Chinese Medicine. She holds a Master's degree in Business Administration, is a senior engineer and licensed pharmacist. From July 1992 to April 2004, she successively held the positions as Technical Cadre, Deputy Head of the Quality Department, Deputy Director of the Factory Director's Office, Director of the International Pharmaceutical Exchange Department, Director of the Planning Department, Director of the Factory Director's Office, Assistant to the Factory Director, and Deputy Factory Director of Company's Le Ren Tang Pharmaceutical Factory. From April 2004 to April 2008, she was appointed as Deputy Director of the Industrial Management Department and Director of the Economic Operation Department of the Company. From November 2007 to May 2008, Ms. Li served as Secretary of the Party Committee and Deputy General Manager of the Pharmaceutical Marketing Company of the Company. From May 2008 to October 2009, she was appointed as Deputy Director of the Economic Coordination Department of Tianjin Pharmaceutical Holdings Co., Ltd. From October 2009 to July 2012, Ms. Li was Executive Deputy General Manager of Tianjin Lisheng Pharmaceutical Co., Ltd. (“**Tianjin Lisheng**”). From July 2012 to June 2017, she successively served as Secretary of the Party Committee, and Chairman and General Manager of Tianjin Taihe Pharmaceutical Co., Ltd. From November 2016 to May 2017, she re-joined Tianjin Lisheng and assumed role of Deputy General Manager. From May 2017 to January 2020, she was appointed as Deputy Secretary of the Party Committee and Chairman of the Labour Union of Tianjin Lisheng, while from October 2017 to February 2020, she was also appointed as Chairman of the Board of Supervisors of Tianjin Lisheng. From September 2018 to August 2019, she served as Vice Chairman of Tianjin Xinneitian Pharmaceutical Co., Ltd. From December 2017 to January 2020, she was a Director of Tianjin Ledun Traditional Chinese Medicine Co., Ltd.

2. That, the proposed appointment of Ms. Li Yan as Director of the Company be approved.

3. That, the proposed proper settlement of the land issues relating to Pharmaceutical Factory No. 6 of the Company be approved.

The 6th Board meeting held on 24 June 2003 considered and approved the assets exchange plan between Tianjin Pharmaceutical Holdings Co., Ltd. (“TPH”) and the Company (the “**Asset Exchange**”). The Company had entered into an “Asset Exchange Agreement” (资产置换协议) with TPH on 29 July 2003 (the “**Agreement**”), which provides that the land use right covering the land area of 145,000 square meters located in the North of Qingguang Village, Beichen District, Tianjin (the “**Land Use Rights**”) held by TPH (being the current location of Pharmaceutical Factory No. 6), shall be exchanged with and owned by the Company. The Asset Exchange had been completed in 2003, and the assets involved had been mutually recognised financially by TPH and the Company. However, the transfer of the ownership of the Land Use Rights has not yet been completed due to historical reasons.

To facilitate such transfer of the ownership of the Land Use Rights, TPH and the Company had engaged in the cadastral surveying and mapping of the land area covered by the Land Use Rights. Upon the verification and confirmation by the results of the cadastral surveying and mapping, and based on the Certificate of Real Estate Ownership (不动产权证书) (Jin (2019) Beichen District Real Estate Property No.1045325) issued by the real estate registration department of Beichen District, Tianjin, the land area covered by the Land Use Rights actually delivered by TPH to the Company was 161,088.9 square meters, which was 16,088.9 square meters more than the area stipulated in the Agreement. According to the “Asset Appraisal Report” (资产评估报告) (Hua Xia Jin Xin Ping Bao Zi [2020] No. 02) issued by Tianjin Huaxia Jinxin Assets Appraisal Co., Ltd., the evaluated unit price of the Land Use Rights is RMB 420 per square meter. As such, the Company needs to make an additional payment of RMB 6,757,338 (representing 0.137% of the latest audited net assets of the Company) to TPH (the “**Additional Payment**”). Upon review, the Board approved that the Company shall make the Additional Payment to TPH and enter into a supplementary agreement with TPH in connection with the transfer of ownership of the Land Use Rights (the “**Supplemental Agreement**”). The Board hereby instructs the Management of the Company to complete the ownership transfer registration procedure with the real estate administration department of Beichen District, Tianjin, and obtain the certificate of real estate registration as soon as possible after the signing of the Supplemental Agreement.

Mr. Tang Tiejun and Mr. Zhang Ping, being interested directors, have abstained from voting on this resolution.

4. That, the proposed repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements under the 2019 Restricted A-Share Incentive Scheme (the “**Scheme**”) be approved.

As one of the participants of the Scheme is no longer eligible to participate in the Scheme due to her resignation from the Company, the Board proposes to repurchase and cancel all of the 70,000 Restricted A-Shares granted to her but not yet released from the lock-up requirements under the Scheme (the “**Proposed Repurchase**”), in accordance with the relevant provisions of the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法). The 70,000 Restricted A-Shares to be repurchased and cancelled under the Proposed Repurchase represents 0.009% of the total share capital of the Company. The repurchase price of the Proposed Repurchase shall be RMB 7.20 per Restricted A-Share plus the applicable interests as calculated at the benchmark interest rate for deposits during the same period when repurchasing.

Upon completion of the Proposed Repurchase, the total number of shares in the capital of the Company will be reduced from 772,803,076 to 772,733,076 shares, and the registered capital of

the Company will also be reduced from RMB 772,803,076 to RMB 772,733,076. The Company shall perform the corresponding capital reduction procedures pursuant to the laws upon completion of the Proposed Repurchase. The Proposed Repurchase will not affect the implementation of the Scheme.

Mr. Li Liqun, Mr. Wang Mai and Mr. Zhou Hong who are participants of the Scheme, being interested directors, have abstained from voting on this resolution.

Mr. Timothy Chen Teck Leng, Mr. Wong Gang and Mr. Qiang Zhiyuan, being the Independent Directors of the Company, have given their independent opinions on this matter.

Please refer to the announcement dated 17 February 2020 made by the Company in relation to the repurchase and cancellation of the Restricted A-Shares granted under the 2019 Restricted A-Share Incentive Scheme for further details.

5. That, the proposed amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration be approved.

In accordance with the proposed authorisation from shareholders of the Company to the Board for matters in relation to the 2019 Restricted A-Share Incentive Scheme (关于提请股东大会授权董事会办理公司限制性股票激励计划相关事宜) as considered and approved at the 2nd extraordinary general meeting of the Company in 2019, the Board is authorised to handle all the matters as required for the implementation of the Scheme, including without limitation, making amendments to the Articles of Association of the Company and making application for changes in the registration of the Company's registered capital.

Mr. Li Liqun, Mr. Wang Mai and Mr. Zhou Hong who are participants of the Scheme, being interested directors, have abstained from voting on this resolution.

Please refer to the announcement dated 17 February 2020 made by the Company in relation to the amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration for further information.

The above resolutions No. 2 shall be tabled for shareholders' approval at the extraordinary general meeting of the Company to be convened in due course.

By order of the Board

Jiao Yan
Company Secretary
17 February 2020