

**UPDATE ON THE PROPOSED MIXED-OWNERSHIP REFORM**

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*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 and 15 June 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 28 September 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**”) and a “Letter of Notice on the Disclosure of Information in relation to the Mixed-ownership Reform of Tianjin Pharmaceutical Holdings Co., Ltd.” (关于医药集团混改信息披露的告知函) (the “**Letter**”) issued by TPH’s 100% 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**”) to TPH. According to the Notification and the Letter, Bohai State-owned Assets Management intends to commence the process of officially disclosing the information relating to the proposed transfer of 67% of its equity interest in TPH (the “**Proposed Transfer**”) on the website of Tianjin Property Rights Exchange (天津产权交易中心) (“**TPRE**”) on 29 September 2020 (the “**Disclosure**”). Further details of the Proposed Transfer can be found on the website of TPRE at <http://www.tpre.cn>.

As at the date of this announcement, TPH holds 42.795% of the total number of issued shares in the capital of the Company.

**1. Main contents of the Notification and the Letter**

The Notification and the Letter states that, amongst others, Bohai State-owned Assets Management’s 100% controlling shareholder, Tianjin Tsinlien Investment Holding Co., Ltd. (天津津联投资控股有限公司) (“**Tsinlien Investment**”) had, on 24 September 2020, received the “Official Reply of Tianjin Municipal People’s Government on the Implementation Plan for the Mixed-ownership Reform of Tianjin Pharmaceutical Holdings Co., Ltd.” (天津市人民政府关于天津市医药集团有限公司混合所有制改革实施方案的批复) issued by the Tianjin Municipal People’s Government, and pursuant to which, Tsinlien Investment and Bohai State-owned Assets Management intend to input information in relation to the Proposed Mixed-ownership Reform in the system of TPRE on 28 September 2020 and to officially commence the Disclosure on 29 September 2020. As mentioned above, the shareholding percentage proposed to be transferred pursuant to the Proposed Transfer is 67%. Further details of the Proposed Transfer can be found on the website of TPRE at <http://www.tpre.cn>.

**2. Impact on the Company and notification of risks**

- (1) The Proposed Mixed-ownership Reform intended to be carried out by TPH is proposed to be implemented by way of equity transfer to introduce investors, which may result in significant changes in the shareholding structure of TPH and a change in the actual controller of TPH.
- (2) The Proposed Transfer will be carried out on TPRE by way of a public tender-for-sale (公开挂牌出让) process, and it is uncertain at this point whether there will be any successful transferee.
- (3) 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.
- (4) 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](http://www.sse.com.cn)) and the website of the Singapore Exchange Securities Trading Limited ([www.sgx.com](http://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 stock brokers, 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  
28 September 2020