

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

RESPONSE TO SGX QUERIES ON UNAUDITED INTERIM RESULTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2021

All capitalised terms used herein, unless the context otherwise requires, shall bear the meanings ascribed to them in the 9M2021 Results Announcement.

Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has received queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) regarding the Company’s unaudited interim results for the 9-month period ended 30 September 2021 (“**9M 2021**”) announced on 29 October 2021 (the “**9M 2021 Results Announcement**”). The Company’s responses to the SGX-ST’s queries are set out below:-

SGX Query 1

Please disclose the reasons for the significant increase for allowance for impairment loss on other receivables to RMB 9.2 million in 3Q2021 and RMB 13.1 million in 9M2021 from RMB 405,000 and RMB 897,000 respectively in the previous comparative periods.

Company’s response:

In the third quarter of 2021, the company provided impairment loss of 9.2 million on other receivables, and impairment loss for other receivables of 13.07 million was provided from January to September 2021. The main reason for the year-on-year increase is that the company has filed a lawsuit against a debtor. Meanwhile the company was actively seeking recovery of the arrears from the debtor and has recovered part of the arrears. At present, the case is still under trial. In consideration of the uncertainty of the time and amount of recovering the remaining balance, full impairment loss is provided for it.

SGX Query 2

Please elaborate on the reasons for the impairment loss on inventories of RMB (6.03) million in 3Q2021 from a reversal of impairment of RMB 3.84 million in the previous corresponding period.

Company’s response:

The company provided inventory impairment loss of RMB6.03 million in the third quarter 2021 after identifying the inventories whose cost were higher than the net realizable values and those inventories approaching expiry date according to the accounting policy; There was reversal of impairment loss of RMB3.84 million on inventories in the same period of last year. It was mainly due to sales and return of inventories in the third quarter of 2020 on which impairment loss was previously provided and therefore reversal of impairment loss was made.

By order of the Board

Jiao Yan
Company Secretary
9 November 2021