

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

Co. Registration Number: 200920277C

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Principal Office: 539 Lusong Road, Changsha Hi-tech Development Zone,  
Changsha, Hunan, China

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**RESPONSE TO SGX QUERIES**

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The Board of Directors (the "**Board**") of Anchun International Holdings Ltd. (the "**Company**") and together with its subsidiary, Hunan Anchun Advanced Technology Co., Ltd. (collectively known as "**Group**") has on 4 March 2022 received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Group's unaudited condensed interim consolidated financial statements for the six months and full year ended 31 December 2021 released on 28 February 2022 and sets out its response as follows: -

**Question 1:** Please disclose the reasons for the significant increase in bills receivables from RMB 19.1 million in FY2020 to RM 47.9 million in FY2021 and the Board's assessment and basis of assessment of whether these bills receivables are recoverable.

**Response:**

Bills receivables are recognised based on the contractual terms of sale contracts signed by customers. The increase in bills receivable is mainly due to the higher value of sales contracts and its related progress payment milestones of sales contracts met as at year end. The bills receivables have a maturity period of less than 365 days' term. At 31 December 2021, these bills receivable are within the credit terms and are not due for payment. Please refer to the Company's Condensed Interim Financial Statements for the six months and full year ended 31 December 2021 specifically Item F-Other information required by Listing Rule Appendix 7.2 under point (2)(B) Current assets for ageing analysis of bills receivable outstanding at 31 December 2021.

The Board follows the accounting policy for impairment of financial assets set out on page 82 of the Company's Annual Report for Financial Year ended 31 December 2020. We wish to highlight that as at year end, bank acceptance bills accounted for 99% of total bills receivables. Bank acceptance bills carry less credit risk as since they are issued by the banks. Management accepts commercial bills only for customers with good financial standing.

At the date of release of the condensed interim financial statements for the full year ended 31 December 2021, there are no indications of impairment of the outstanding bills receivable of RMB 47.9 million. Based on the above, the Board is of the opinion that these bills receivable are recoverable.

**By Order of the Board**

Zheng, ZhiZhong  
Executive Director and Chief Executive Officer  
8 March 2022