

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

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**RESPONSE TO SGX QUERY ON UNAUDITED INTERIM RESULTS FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2021**

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*All capitalised terms used herein, unless the context otherwise requires, shall bear the meanings ascribed to them in the 1Q2021 Results Announcement.*

Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has received a query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) regarding the Company’s unaudited interim results for the 3-month period ended 31 March 2021 (“**1Q2021**”) announced on 29 April 2021 (the “**1Q2021 Results Announcement**”). The Company’s response to the SGX-ST’s query is set out below:-

**SGX Query 1**

Please disclose further information about the footnote on page 15 regarding the deposit of RMB 593 million placed with TPGF and why this amount was not included in the IPT table. Please disclose the rationale of the deposit, terms of the deposit and the duration of the deposit. Please explain whether the deposit with TPGF constitutes an IPT under the IPT Mandate and whether this is within the limits set out in the IPT mandate.

**Company’s response:**

As disclosed in the annexure dated 21 May 2020 (“**Annexure**”) in relation to the proposed financial services agreement to be entered into between the Company and Tianjin Pharmaceutical Group Finance Co., Ltd (“**TPGF**”) as an interested person transaction (as set out in pages 187 to 224 of the Company’s annual report for the financial year ended 31 December 2019), TPGF shall provide certain financial services to the Company under the aforesaid financial services agreement, including deposit business services.

As further disclosed in the Annexure, the deposit services provided by TPGF will enhance the management of funds of the Company and improve the Company’s efficiency in the use of available funds. The management of funds is enhanced as:

- (i) there is security of funds as TPGF provides safe and efficient online banking services to the member entities in the TPH Group (comprising Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**TPH**”) and its subsidiaries and associated companies, including the Company), and these member entities can monitor the changes in the funds deposited in their accounts with TPGF at any time;
- (ii) funds payment can be made and settled efficiently as any payment made by the Company for its branches can be realized through the internal transfer function of TPGF’s online banking system, which is efficient and convenient; and
- (iii) TPGF can provide credit support to the Company within a short period of time, and this can reduce the Company’s need to maintain a certain amount of reserves from time to time.

In this regard, as disclosed in the Annexure, the Company will open a deposit account with TPGF and deposit the funds in such account. Further, the maximum daily balance in the deposit account (including interest) shall not exceed RMB600 million. Please refer to the Annexure for further details on the scope and terms of the financial services provided by TPGF to the Company under the aforesaid financial services agreement.

Shareholders' approval for the Company's entry into the aforesaid financial services agreement was obtained at the annual general meeting of the Company held on 5 June 2020.

The deposit of RMB593 million placed with TPGF falls within the limit of RMB600 million. Further details on the deposit are set out below:

Unit: RMB '000

<b>Duration of deposit</b>	<b>Current deposit (1-7 days)</b>	<b>Fixed deposit (3 months)</b>	<b>Total</b>
Balance of deposit	577,530	15,000	<b>592,530</b>

Note: The Company may withdraw the "current deposit" at any time, and may only withdraw the "fixed deposit" after its maturity.

Pursuant to Rule 904 of the listing manual of the SGX-ST, an "interested person transaction" means a transaction between an entity at risk and an interested person, and "transaction" includes, amongst others, the provision or receipt of goods or services, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities). As TPGF is a subsidiary of TPH, the controlling shareholder of the Company, the deposit services provided by TPGF to the Company constitute an interested person transaction. However, the deposit of RMB593 million placed with TPGF as at 31 March 2021 has not been included in the IPT table set out on page 15 of the 1Q2021 Results Announcement to prevent confusion to Shareholders. Due to the nature of deposit, the monies deposited in the account can be withdrawn and/or deposited as and when necessary, save as disclosed above in relation to fixed deposit and subject to the maximum daily balance limit as stated above. As such, it is not calculated across a financial period, and the Company is of the view that it is more meaningful to disclose the amount of the deposit placed with TPGF as at the end of the financial period under review. Accordingly, this disclosure has been presented separately from the IPT table set out on page 15 of the 1Q2021 Results Announcement.

**By order of the Board**

Jiao Yan  
Company Secretary  
7 May 2021