

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

(Company Registration No.: 91120000103100784F)

(Incorporated in the People's Republic of China)

ANNOUNCEMENT ON CONTINUOUS RISK ASSESSMENT REPORT OF TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD. (天津医药集团财务有限公司)

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 wishes to inform the shareholders of the Company that, the Shanghai Stock Exchange (the “SSE”) has in 2022 imposed new requirements on the companies listed on the SSE whereby a listed company which has entered into transaction(s) with its related finance company(ies) is required to issue a continuous risk assessment report on such finance company(ies) every six (6) months and announce the continuous risk assessment report.

In 2020, the Company entered into a financial service agreement with Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“TPGF”) for the provision by TPGF to the Company of certain financial services, including settlement and intermediary business services, deposit business services and credit business services (such as providing loans to the Company) for a period of three (3) years from 1 July 2020 to 30 June 2023 (the “**2020 TPGF Agreement**”). Please refer to the annexure dated 21 May 2020 to the notice of annual general meeting set out in the annual report of the Company for the financial year ended 31 December 2019 for further details in relation to the 2020 TPGF Agreement.

As at the date of this announcement, TPGF is a subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司), the controlling shareholder of the Company, and is therefore a related finance company. Thus, In accordance with the *Guidelines No. 5 for Self-regulation of Listed Companies on the Shanghai Stock Exchange — Transactions and Related Party Transactions* (《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》) issued by the SSE on 7 January 2022 which came into force on the date of issuance, the Company has assessed the operating qualifications, business and risk conditions of TPGF (the “**Risk Assessment**”) via inspection of various documents and information of TPGF including TPGF’s business license and finance license, and review of TPGF’s periodic financial statements including its balance sheet, income statement and cash flow statement. Please refer to **Appendix A** to this announcement for further details in relation to the results of the Risk Assessment.

BY ORDER OF THE BOARD

Jiao Yan
Secretary to the Board of Directors

30 March 2022

APPENDIX A

CONTINUOUS RISK ASSESSMENT REPORT OF TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD.

关于对天津医药集团财务有限公司的风险持续评估报告

In accordance with the *Guidelines No. 5 for Self-regulation of Listed Companies on the Shanghai Stock Exchange — Transactions and Related Party Transactions* (《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》) issued by the Shanghai Stock Exchange (the “SSE”) on 7 January 2022 which came into force on the date of issuance, Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “Company”) has assessed the operating qualifications, business and risk conditions of TPGF (the “Risk Assessment”) via inspection of various documents and information of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“TPGF”) including TPGF’s business license and finance license and review of TPGF’s periodic financial statements including its balance sheet, income statement and cash flow statement. The details of the results of the Risk Assessment are set out below.

天津中新药业集团股份有限公司（以下简称“公司”）按照《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》的要求，通过查验天津医药集团财务有限公司（以下简称“财务公司”）的《营业执照》、《金融许可证》等证件资料，并审阅包括资产负债表、利润表、现金流量表等在内的财务公司的定期财务报告，对其经营资质、业务和风险状况进行了评估，现将具体情况报告如下：

1. INFORMATION ON TPGF

一、天津医药集团财务有限公司基本情况

Upon approval by the China Banking and Insurance Regulatory Commission (中国银行保险监督管理委员会) (the “CBIRC”), TPGF was incorporated on 14 September 2016 with a registered capital of RMB500 million jointly contributed by (i) Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“TPH”), (ii) the Company, (iii) Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司), (iv) Tianjin Yaoye Group Co., Ltd. (天津药业集团有限公司) and (v) Tianjin Jin Yi Investment Guarantee Co., Ltd. (天津金益投资担保有限责任公司). Further details of TPGF are set out below.

财务公司经中国银行保险业监督管理委员会批准，于 2016 年 9 月正式成立，由天津市医药集团有限公司、天津中新药业集团股份有限公司、天津力生制药股份有限公司、天津药业集团有限公司和天津金益投资担保有限责任公司共同出资，注册资本金 5 亿元人民币。

Name of company 公司名称	:	Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司)
Registered address 注册地址	:	3-2-501/502, 3-3-501 Ronghe Square, No. 168 Fourth West Road, Tianjin Pilot Free-Trade Zone (Airport Economic Area) (天津自贸试验区 (空港经济区) 西四道168号融和广场3-2-501/502; 3-3-501)
Legal representative 法定代表人	:	ZHAO Wei (赵炜)
Institution number of finance license 金融许可证机构编码	:	L0248H212000001

Uniform social credit number 统一社会信用代码	:	91120118MA05L0R67F
Business scope 财务公司经营范围	:	Includes providing financing consulting, credit authentication, and related consulting services to TPH as well as its subsidiaries and associated company (the “ TPH Group ”), assisting the members of the TPH Group to fulfill the collection and payment of money for transactions, providing approved insurance agency services, providing guarantees to the members of the TPH Group, handling entrusted loans and entrusted investments between the members of the TPH Group, handling the settlement of bills for the members of the TPH Group, handling internal transfer settlement between the members of the TPH Group and designing programs for internal settlement and clearance, absorbing deposits from the members of the TPH Group, granting loans to and handling financial lease for the members of the TPH Group, engaging in inter-bank borrowings and investing in fixed income securities, and other businesses as approved by the CBIRC 对成员单位办理财务和融资顾问、信用鉴证及相关的咨询、代理业务；协助成员单位实现交易款项的收付；经批准的保险代理业务；对成员单位提供担保；办理成员单位之间的委托贷款；对成员单位办理票据承兑与贴现；办理成员单位之间的内部转账结算及相应的结算、清算方案设计；吸收成员单位的存款；对成员单位办理贷款及融资租赁；从事同业拆借；除股票投资以外类有价证券投资；中国银行保险监督管理委员会批准的其他业务。

2. INFORMATION ON TPGF'S RISK MANAGEMENT

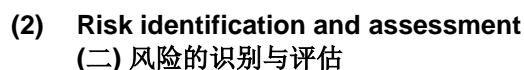
二、财务公司风险管理的基本情况

(1) Governance structure

(一) 控制环境

In accordance with the provisions of the *Company Law of the People's Republic of China* (《中华人民共和国公司法》) (the “**PRC Company Law**”) and its articles of association, TPGF has in place a governance structure comprising (i) the shareholders (acting in a shareholders' meeting), (ii) the board of directors, (iii) the board of supervisors and (iv) the management. The responsibilities of each governance body are clearly defined and are in line with the principles of independent operation and ensuring an effective check and balance. It also specifies the responsibilities of the board of directors, directors, supervisors and senior management in respect of internal control. The shareholders (acting in a shareholders' meeting) is the highest decision-making authority of TPGF. The board of directors shall decide on major matters of TPGF and shall be responsible to the shareholders, while the management team under the leadership of the general manager shall be responsible for the day-to-day operations of TPGF. TPGF has a sound governance structure, standardised management and operations, and has established an organisational structure with reasonable work division, well-defined responsibilities and clear reporting chains, which provides the necessary prerequisite for the effectiveness of risk management.

The organizational structure of TPGF is as follows:
组织架构图如下:



财务公司设立了独立的风险管理部 and 审计稽核部，与前台业务部门形成有效的风险管理三道防线，对公司的业务活动进行全方位的风险管理和监督稽核。三道防线依据《天津医药集团财务有限公司全面风险管理办法》，在其职责范围内对相关风险进行识别与评估，并根据评

估结果及业务特点制定相应的风控制度、操作流程和风险应对措施，各部门职责分离、相互制约、相互监督，共同构建风险识别和评估能力，对风险进行预测、评估和控制。

(3) Risk control

(三) 控制活动

(a) Settlement business

1. 结算业务

TPGF has formulated an “Administrative Measures for Settlement Business of Tianjin Pharmaceuticals Group Finance Co., Ltd.” (《天津医药集团财务有限公司结算业务管理办法》) and its related operational procedures, and implemented various internal control measures by following the principles of unified management, hierarchical authorisation, clear rights and responsibilities, and strict supervision and administration, so as to ensure that personnel responsible for the settlement business will carry out the settlement business strictly according to operational procedures and be prohibited from operating beyond their authority and posts, thus safeguarding the safe development of the settlement business and the safety of the settlement funds.

财务公司制订了《天津医药集团财务有限公司结算业务管理办法》等制度及业务操作流程，遵循统一管理、分级授权、权责明确、严格监管的原则落实各项内控措施，确保结算业务人员严格按照操作规程进行操作，严禁越权、越岗操作，保障了结算业务的安全开展和结算资金的安全。

Meanwhile, TPGF strictly follows the principles of equality, voluntariness, fairness and good faith in handling the deposit business for the members of the TPH Group. TPGF has carried out the deposit business in accordance with the relevant regulatory requirements of the CBIRC and the People's Bank of China, so as to fully ensure the safety of funds of the members of the TPH Group and safeguard the legitimate rights and interests of all parties concerned.

同时，财务公司严格遵循平等、自愿、公平和诚实信用的原则为成员单位办理存款业务，相关政策严格按照银保监会和中国人民银行相关规定执行，充分保障成员单位资金的安全，维护各当事人的合法权益。

(b) Credit management

2. 信贷管理

The internal control of TPGF's credit business focuses on preventing and controlling credit risk, enhancing the quality of credit assets, and optimising the structure of credit assets. For each credit business, TPGF has formulated specific management measures and operational procedures. When carrying out the credit business, TPGF determines the credit line to be granted to any member of the TPH Group based on such member's deposit balance and financing needs, taking into account TPGF's financial status pursuant to the requirements of credit management, and releases funds within the determined credit line. As such, the risks are strictly controlled so that the credit business can be carried out in a well-planned and balanced matter. At the same time, TPGF has adopted a system of pre-loan investigation, mid-loan examination and post-loan inspection, so as to strictly control the risks of its credit business.

财务公司信贷业务的内控重点是防范和控制信用风险，提高信贷资产质量，优化信贷资产结构。针对每项信贷业务，财务公司均制定了具体的管理办法和操作流程，在具体业务开展时，严格根据授信管理要求，根据成员单位的融资余额及融资需求，结合财务公司资金状况，确定客户授信额度计划，并严格在授信额度内办理信贷业务，严控风险，使业务的开展既有计划性又有均衡性。同时，财务公司信贷业务执行三查制度，做到贷前调查、贷中审查、贷后检查，严格控制信贷业务风险。

(c) Information system

3. 信息系统控制

TPGF has adopted the strategy of "overall planning and step-by-step implementation" in the construction of its information system and established core business sectors including online financial services, credit management, capital management, investment management, financial management and regulatory reporting. From fund settlement and credit management to notes management, from bank-enterprise direct connection to the interface with the TPH Group's financial system and other business systems, and from financial statements to fund monitoring, it has met the requirements for centralised fund management, and achieved the centralisation and sharing of information between the comprehensive business processing of the core business system and other systems. Further, the information system will be continuously improved and expanded according to the new demand and new business. TPGF has also embedded the key points of internal control and relevant laws and regulations into the information system, and has effectively achieved effective monitoring, early warning and approval tracing.

财务公司信息系统建设采用了“整体规划、分步实施”的策略,核心业务已建成网上金融服务、信贷管理、资金管理、投资管理、财务管理、监管报送等主要业务板块,从资金结算、信贷管理到票据管理,从银企直联到与集团财务系统及其他业务系统接口,从报表到资金监控,满足了对资金集中管理的要求,实现了核心业务系统全面业务处理与其他系统信息的集中与共享。并根据新需求、新业务不断的对信息系统进行完善和扩充。公司将内部控制及监管法规的主要关键点嵌入信息系统,基本实现有效监测、预警和审批留痕。

To ensure the security, stability and continuous operation of the core business system, TPGF has implemented the following measures: (i) formulated a series of information security management systems in terms of computer room security, hardware security and information security; (ii) full-time personnel have been assigned to conduct routine inspections of the computer room environment, servers and network equipment every working day, and the key data is backed up every day; and (iii) encryption keys or passwords are required to log on to TPGF's system and system administrators are responsible for giving out access to the encryption keys or passwords; the encryption keys or passwords are exclusively used by designated persons who are responsible for keeping such encryption keys or passwords safe, and sharing of encryption keys or passwords with other persons is strictly prohibited. In addition, TPGF has also formulated an emergency response plan for the information system. Once an event which affects the safe operation of the business system occurs, an emergency plan with different handling procedures will be activated according to the type and level of the emergency to ensure that the business will not be affected.

为确保核心业务系统安全、稳定、连续运行,一是在机房安全、硬件安全、信息安全等方面,公司制定了信息安全管理的一系列制度;二是每个工作日有专职人员对机房环境、系统主机、网络设备进行巡检,关键数据每天进行备份;三是公司系统登录需通过密钥和密码,由系统管理员负责权限分配,密钥管理实行专人专用、自负其责的原则,严禁随意摆放或转借他人使用。此外,财务公司还制定了信息系统突发事件处置方案,一旦发生影响业务系统安全运行的事件,根据突发事件的类型和级别,启动不同处理程序的应急预案,确保业务不受影响。

(d) Audit supervision

4. 稽核监督

TPGF has set up an independent audit department to audit and inspect its business activities and business operations. TPGF's audit department shall be responsible for the following: (i) to formulate and implement various audit work plans according to the audit requirements of the regulatory authorities and taking into account TPGF's operation and

management needs; (ii) to audit and check the legality and compliance of all business activities, and correct errors and prevent fraud in a timely manner; (iii) to carry out assessment on TPGF's systems on a randomised basis, as well as to examine, supervise and evaluate the soundness and effectiveness of TPGF's internal controls in order to strengthen the sound and effective implementation of TPGF's internal controls; (iv) to organise special business audits in accordance with the annual audit plan and business development situation. TPGF's audit department shall prepare management proposals or reports on the identified weaknesses and imperfections of internal control and risks arising therefrom, report the same to the management in a timely manner and conduct tracking and supervision on an ongoing basis, so as to ensure the effective rectification of identified issues and that TPGF's business operations are in compliance with applicable laws and regulations.

财务公司单独设立审计稽核部，对经营活动和业务运作行使审计、稽核职能。根据监管机构审计要求，结合公司经营管理需要，制订并组织实施各项审计稽核工作计划；对各项业务活动的合法合规性进行稽核检查，及时纠错防弊；对公司制度进行不定期诊断，对内控制度的健全性、有效性进行检查、监督、评价，强化公司内部控制健全完善和有效执行；按照年度审计计划和业务开展情况，组织开展业务专项审计。审计稽核部对发现内控薄弱环节、管理不完善之处和由此导致的各种风险，形成管理建议书或报告，及时向管理层汇报，持续做好跟踪督导，确保问题整改扎实落地见效，保障公司合规运行。

3. Business management and risk management of TPGF

三、财务公司经营管理及风险管理情况

(1) Business conditions

(一) 经营情况

At present, TPGF has carried out various types of business including deposit business, credit business, settlement of bills business, settlement business, inter-bank borrowings business and intermediary business. As at 31 December 2021, TPGF had total assets of RMB2,270,071,200, total liabilities of RMB1,699,368,300, total owner's equity of RMB570,702,900, and an asset-liability ratio of 74.86%. In 2021, TPGF achieved an operating income of RMB46,064,900, total profits of RMB30,529,900 and net profits of RMB23,039,900. 目前财务公司已开展了存款、贷款、票据、结算、同业及中间业务等种类业务。截至 2021 年 12 月 31 日，财务公司资产总额 227,007.12 万元，负债总额 169,936.83 万元，所有者权益总额 57,070.29 万元，资产负债率 74.86%，2021 年实现营业收入 4,606.49 万元，利润总额 3,052.99 万元，净利润 2,303.99 万元。

(2) Risk management

(二) 管理情况

Since its incorporation, TPGF has adhered to the principle of stable operation, standardised its business operations and strengthened its internal controls in accordance with applicable laws and regulations of the People's Republic of China including the PRC Company Law, the *Accounting Standards for Enterprises* (《企业会计准则》), and the *Measures for the Administration of the Finance Companies of Enterprise Groups* (《企业集团财务公司管理办法》) (the "Administration Measures"), as well as TPGF's articles of association. Based on the Company's understanding of and evaluation of the risk management of TPGF, as at 31 December 2021, no major defect has been identified in the risk control system in relation to the financial statements concerning the fund, credit, audit and information management.

自成立以来，财务公司一直坚持稳健经营的原则，严格按照《中华人民共和国公司法》《企业会计准则》《企业集团财务公司管理办法》和国家有关金融法规、条例以及《公司章程》规范经营行为，加强内部管理。根据对财务公司风险管理的了解和评价，截至 2021 年 12 月 31 日止未发现与财务报表相关资金、信贷、审计稽核、信息管理等风险控制体系存在重大缺陷。

(3) Regulatory indicators
(三) 监管指标

According to the Administration Measures, as at 31 December 2021, all regulatory indicators of TPGF are within a reasonable range, and there is no major risk.

根据《企业集团财务公司管理办法》规定，截至 2021 年 12 月 31 日止，财务公司的各项监管指标均在合理的范围内，不存在重大风险。

(4) Deposits and loan
(四) 公司存贷款情况

As at 31 December 2021, the Company's deposit balance with TPGF was approximately RMB591,614,700, and the Company's loan balance with TPGF was RMB30 million. The safety and liquidity of the Company's deposits with TPGF are good, and there had been no delay in payments by TPGF due to the insufficient cash position of TPGF.

截至 2021 年 12 月 31 日，公司在财务公司的存款余额约为 59,161.47 万元人民币，在财务公司的贷款余额为 3,000 万元人民币。公司在财务公司的存款安全性和流动性良好，未发生财务公司因现金头寸不足而延迟付款的情况。

4. Opinions on risk assessment
四、风险评估意见

The Company believes that (i) TPGF has a legitimate and valid Business License and Finance License; (ii) TPGF has established a relatively complete and reasonable internal control system which is capable of controlling risks and all indicators meet the regulatory requirements; (iii) since its incorporation, TPGF has been operating according to the Administration Measures, and no major defect in the risk management of TPGF has been identified; and (iv) the risks associated with the provision by TPGF to the Company of certain financial services including settlement and intermediary business services, deposit business services and credit business services (such as providing loans to the Company) are controllable.

公司认为：财务公司具有合法有效的《营业执照》《金融许可证》；建立了较为完整合理的内部控制制度，能较好地控制风险，各项指标符合监管要求规定；财务公司成立至今严格按照《企业集团财务公司管理办法》的规定经营，未发现财务公司的风险管理存在重大缺陷；本公司与财务公司之间发生的关联存、贷款等金融业务风险可控。