TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED
(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)
(Company Registration No.91120000103100784F)
(Incorporated in the People's Republic of China)

RESPONSE TO SGX-ST'S QUERIES ON UNAUDITED INTERIM RESULTS FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2024

All capitalised terms used herein, unless the context otherwise requires, shall bear the meanings ascribed to them in the HY2024 Results Announcement (as defined below).

Tianjin Pharmaceutical Da Ren Tang 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 6-month period ended 30 June 2024 ("**HY2024**") announced on 14 August 2024 (the "**HY2024 Results Announcement**"). The Company's responses to the queries of the SGX-ST are set out below:-

SGX-ST's Query 1

We note that the Company had provided an allowance for impairment of trade receivables of RMB13.4 million and impairment loss on inventories of RMB15.8 million. Please elaborate on the reasons for each of these provisions and impairment.

Company's Response:

The credit impairment loss represents a provision for bad debts made in accordance with the Company's accounting policies (not an actual loss). The Company's provisioning policy is as follows: 0.13% for receivables aged within 1 year, 20% for those aged 1-2 years, 50% for those aged 2-3 years, and 100% for those aged over 3 years. The impairment loss on inventories is made in accordance with the Company's policy, which takes into consideration certain inventories' cost exceeds the estimated selling price as well as estimated obsolete inventories in view of these inventories are near to the expiry dates.

SGX-ST's Query 2

The Company disclosed at Note 11 of its financial statements that there is RMB137.3 million of trade receivables that has an aging of over 3 years and RMB258.3 million of trade receivables that has an aging of over 1 year as at 30 June 2024. Please explain why debtors are taking more than 1 year to repay the amounts owed to the Company and provide details of the credit terms offered to these debtors. For the receivables with an aging of over 3 years, please elaborate on how old these debts are and the nature of these debts.

Company's Response:

The Company manages trade receivables according to the agreed credit terms with its customers. For example, certain medical institutions have credit terms extending beyond 1 year. Although some receivables are aged over 1 year, they have not been classified as overdue. The Company will continue to monitor these receivables based on the agreed repayment dates to maintain a positive receivables cycle.

For trade receivables aged over 3 years, the Company has fully provided for impairment in accordance with its accounting policies.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
26 August 2024