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THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

References are made to the announcements of China NT Pharma Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (i) dated 31 March 2022 in relation to, among other things, the unaudited annual results for the year ended 31 December 2021 (the “**Unaudited Results Announcement**”) and (ii) dated 4 April 2022, 6 May 2022 and 12 May 2022 in relation to, among other things, the further delay in publication of audited annual results announcement and annual report (together, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

AUDITED ANNUAL RESULTS

The Board is pleased to announce that the Auditor, Crowe (HK) CPA Limited (“**Crowe**”), has completed its audit of the annual results of the Group for the year ended 31 December 2021 in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Unaudited Results Announcement was neither audited nor agreed by Crowe as at the date of its publication and subsequent adjustments have been made to such financial information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited and audited 2021 Annual Results. Set forth below are major details and reasons for the material differences between these financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Disclosure in the Unaudited Results Announcement (Unaudited) RMB'000	Disclosure in this announcement (Audited) RMB'000	Difference RMB'000	Notes
Continuing operations				
Revenue	226,699	226,699	–	
Cost of sales	(79,699)	(81,240)	1,541	(i), (xvii)
Gross profit	147,000	145,459	1,541	
Other revenue and other income	116,791	87,867	28,924	(ii)
Other net loss	(2,668)	(56,764)	54,096	(iii)
Share of results of associates	15,090	15,090	–	
Impairment loss of property, plant and equipment	–	(14,476)	14,476	(iv)
Impairment loss of trade receivables, net	(453)	(9,739)	9,286	(v)
Reversal of impairment loss of other receivables, net	7,374	2,667	4,707	(vi)
Fair value change on financial liabilities at fair value through profit or loss	465	465	–	
Selling and distribution expenses	(149,863)	(149,863)	–	
Administrative expenses	(80,277)	(80,659)	382	(i), (vii), (ix)
Finance costs	(53,702)	(88,799)	35,097	(viii), (ix)
Loss before taxation	(243)	(148,752)	148,509	
Income tax expense	(2,095)	(2,582)	487	(xi)
Loss for the year from continuing operations	(2,338)	(151,334)	148,996	
Discontinued operation				
Loss for the year from discontinued operation	–	–	–	
Loss for the year	(2,338)	(151,334)	148,996	
Attributable to:				
– Equity shareholders of the Company	(542)	(149,538)	148,996	
– Non-controlling interests	(1,796)	(1,796)	–	
Loss for the year	(2,338)	(151,334)	148,996	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Disclosure in the Unaudited Results Announcement (Unaudited) RMB'000	Disclosure in this announcement (Audited) RMB'000	Difference RMB'000	Notes
Loss attributable to equity shareholders of the Company arises from:				
Continuing operations	(542)	(149,538)	148,996	
Discontinued operation	–	–	–	
	<u>(542)</u>	<u>(149,538)</u>	<u>148,996</u>	
Loss per share				
From continuing and discontinued operations				
Basic	(0.03) cents	(7.91) cents	7.88 cents	
Diluted	(0.03) cents	(7.91) cents	7.88 cents	
	<u>(0.03) cents</u>	<u>(7.91) cents</u>	<u>7.88 cents</u>	
From continuing operations				
Basic	(0.03) cents	(7.91) cents	7.88 cents	
Diluted	(0.03) cents	(7.91) cents	7.88 cents	
	<u>(0.03) cents</u>	<u>(7.91) cents</u>	<u>7.88 cents</u>	
Loss for the year	(2,338)	(151,334)	148,996	
<i>Items that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of financial statements of entities outside the People's Republic of China	29,089	5,573	23,516	(xii)
– Exchange difference reclassified to profit or loss upon disposal of a subsidiary	–	–	–	
<i>Item that will not be reclassified to profit or loss:</i>				
– Revaluation surplus on leasehold land and buildings, net of tax	35,766	7,248	28,518	(xiv)
– Reserve released on leasehold land and buildings classified as held for sale, net of tax	–	(45,368)	45,368	(xiii)
	<u>64,855</u>	<u>(32,547)</u>	<u>97,402</u>	
Other comprehensive income/(loss) for the year, net of tax	64,855	(32,547)	97,402	
Total comprehensive income/(loss) for the year	<u>62,517</u>	<u>(183,881)</u>	<u>246,398</u>	
Attributable to:				
– Equity shareholders of the Company	64,313	(182,085)	246,398	
– Non-controlling interests	(1,796)	(1,796)	–	
	<u>62,517</u>	<u>(183,881)</u>	<u>246,398</u>	
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company arises from:				
Continuing operations	64,313	(182,085)	246,398	
Discontinued operation	–	–	–	
	<u>64,313</u>	<u>(182,085)</u>	<u>246,398</u>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Disclosure in the Unaudited Results Announcement (Unaudited) RMB'000	Disclosure in this announcement (Audited) RMB'000	Difference RMB'000	Notes
Non-current assets				
Fixed assets				
– Property, plant and equipment	534,073	222,367	311,706	(iv), (vii), (ix), (xiv), (xv)
– Interests in leasehold land held for own use	–	25,998	(25,998)	(xiv), (xv)
	<u>534,073</u>	<u>248,365</u>	<u>285,708</u>	
Intangible assets	160,835	160,835	–	
Goodwill	–	–	–	
Interests in associates	265,180	277,936	(12,756)	(xxiii)
Financial asset at fair value through profit or loss	521	521	–	
	<u>960,609</u>	<u>687,657</u>	<u>272,952</u>	
Current assets				
Inventories	32,136	32,005	131	(xvii)
Trade and other receivables	114,419	46,255	68,164	(iii), (v), (vi), (xviii)
Pledged bank deposits	–	–	–	
Cash and cash equivalents	9,443	9,443	–	
	<u>155,998</u>	<u>87,703</u>	<u>68,295</u>	
Assets classified as held for sale/assets of a disposal group classified as held for sale	–	180,000	(180,000)	(xiii), (xv)
	<u>155,998</u>	<u>267,703</u>	<u>(111,705)</u>	

	Disclosure in the Unaudited Results Announcement (Unaudited) RMB'000	Disclosure in this announcement (Audited) RMB'000	Difference <i>Notes</i> RMB'000
Current liabilities			
Contract liabilities	7,437	6,097	1,340 <i>(xix)</i>
Trade and other payables	219,205	249,665	(30,460) <i>(iii), (viii), (x), (xix), (xx)</i>
Contingent consideration payable	–	7,800	(7,800) <i>(xvi)</i>
Bank and other borrowings	728,664	616,825	111,839 <i>(viii), (xxi)</i>
Lease liabilities	1,041	1,605	(564) <i>(ix)</i>
Financial liabilities at fair value through profit or loss	19,286	–	19,286 <i>(x)</i>
Current taxation payable	13,494	13,981	(487) <i>(xi)</i>
	<u>989,127</u>	<u>895,973</u>	<u>93,154</u>
Liabilities of a disposal group classified as held for sale	–	–	–
	<u>989,127</u>	<u>895,973</u>	<u>93,154</u>
Net current liabilities	<u>(833,129)</u>	<u>(628,270)</u>	<u>(204,859)</u>
Total assets	<u>1,116,607</u>	<u>955,360</u>	<u>161,247</u>
Total assets less current liabilities	<u>127,480</u>	<u>59,387</u>	<u>68,093</u>
Non-current liabilities			
Bank and other borrowings	21,462	213,290	(191,828) <i>(xxi)</i>
Lease liabilities	–	390	(390) <i>(ix)</i>
Financial liabilities at fair value through profit or loss	–	–	–
Deferred tax liabilities	70,995	57,082	13,913 <i>(xxii)</i>
	<u>92,457</u>	<u>270,762</u>	<u>(178,305)</u>
NET ASSETS/(LIABILITIES)	<u>35,023</u>	<u>(211,375)</u>	<u>246,398</u>

	Disclosure in the Unaudited Results Announcement (Unaudited) RMB'000	Disclosure in this announcement (Audited) RMB'000	Difference <i>Notes</i> RMB'000
CAPITAL AND RESERVES			
Share capital	1	1	–
Reserves	35,022	(211,376)	246,398
Total equity attributable to equity shareholders of the Company	35,023	(211,375)	246,398
Non-controlling interests	–	–	–
TOTAL EQUITY/(EQUITY DEFICIENCY)	35,023	(211,375)	246,398

Notes:

- (i) The difference represents the reclassification of written-off of obsolete inventories from administrative expense to cost of sales.
- (ii) The difference mainly represents the recognition of gain on bargain purchase on acquisition of an associate, the reversal of gain on disposal of intangible assets, adjustment to gain on disposal of property, plant and equipment and the reclassification of adjusted gain/loss on partial disposal of equity interest in an associate from other revenue and other income to other net loss.
- (iii) The difference mainly represents the recognition of the fair value loss on the contingent consideration payable relating to the profit guarantee, additional provision of litigation claim, the reclassification of adjusted gain/loss on partial disposal of equity interest in an associate from other revenue and other income to other net loss and the reclassification of the provision for litigation claim from administrative expense to other net loss.
- (iv) The difference represents the recognition of impairment loss of property, plant and equipment.
- (v) The difference represents an adjustment to impairment loss of trade receivables.
- (vi) The difference represents an adjustment to reversal of impairment loss of other receivables.
- (vii) The difference mainly represents (i) an adjustment to depreciation charged for property, plant and equipment and the PRC other taxes charged, (ii) reclassification of construction in progress recognised as administrative expense to property, plant and equipment and (iii) the reclassification of the provision for litigation claim from administrative expense to other net loss.
- (viii) The difference represents an adjustment for underprovision of finance costs and interest payables and reclassification between bank and other borrowings.
- (ix) The difference represents adjustments for recognition of right-of-use assets, lease liabilities, interest expense on lease liabilities, rental expense and depreciation charged for right-of-use assets.

- (x) The difference represents the reclassification of interest payable from financial liabilities at fair value through profit or loss to trade and other payables.
- (xi) The difference represents an adjustment for the underprovision of Enterprises Income Tax of the PRC subsidiary of the Company in prior year.
- (xii) The difference represents an adjustment to the exchange differences arising from elimination of inter-group balance.
- (xiii) The difference represents the recognition of impairment loss on leasehold land and buildings classified as assets held for sale, released out of revaluation reserves of the leasehold land and buildings, less impairment with reference to the subsequent minimum consideration.
- (xiv) The difference represents an adjustment to revaluation surplus on leasehold land and buildings, determined with reference to the independent professional valuation reports subsequently finalised on the fair value of the relevant assets at 31 December 2021.
- (xv) The difference represents the reclassification of assets classified as held for sale from property, plant and equipment and interest in leasehold land held for own use less impairment with reference to the subsequent minimum consideration.
- (xvi) The difference represents an adjustment to the fair value of the contingent consideration payable relating to the profit guarantee given by the Group, which is omitted in the Unaudited Results Announcement, determined with reference to the independent professional valuation report finalised after 31 March 2022.
- (xvii) The difference represents an adjustment to written-off of obsolete inventories.
- (xviii) The difference represents the derecognition of the receivables arising from disposal of intangible assets which is wrongly recognised in the Unaudited Results Announcement.
- (xix) The difference represents the reclassification of payables from contract liabilities to other payables.
- (xx) The difference represents the reclassification of balances from trade and other payables and elimination of intercompany balances as at 31 December 2021.
- (xxi) The difference represents the reclassification of bank and other borrowings from current liabilities to non-current liabilities.
- (xxii) The difference represents an adjustment to deferred tax liabilities in respect of change in revaluation surplus on leasehold land and buildings.
- (xxiii) The difference represents an adjustment to the acquisition of equity interest in an associate and the disposal of partial equity interest in an associate.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2021 (Expressed in Renminbi)*

		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations			
Revenue	3	226,699	221,731
Cost of sales		<u>(81,240)</u>	<u>(86,827)</u>
Gross profit		145,459	134,904
Other revenue and other income	4	87,867	29,431
Other net loss	5	(56,764)	(2,432)
Share of results of associates		15,090	8
(Impairment loss)/reversal of impairment loss of property, plant and equipment		(14,476)	10,980
(Impairment loss)/reversal of impairment loss of trade receivables, net		(9,739)	1,390
Reversal of impairment loss/(impairment loss) of other receivables, net		2,667	(57,441)
Fair value change on financial liabilities at fair value through profit or loss		465	(11,265)
Selling and distribution expenses		(149,863)	(123,074)
Administrative expenses		(80,659)	(96,253)
Finance costs	6(a)	(88,799)	<u>(86,537)</u>
Loss before taxation	6	(148,752)	(200,289)
Income tax (expense)/credit	7	(2,582)	9,020
Loss for the year from continuing operations		(151,334)	(191,269)
Discontinued operation			
Loss for the year from discontinued operation		<u>–</u>	<u>(168,644)</u>
Loss for the year		<u>(151,334)</u>	<u>(359,913)</u>
Attributable to:			
Equity shareholders of the Company		(149,538)	(357,599)
Non-controlling interests		(1,796)	(2,314)
Loss for the year		<u>(151,334)</u>	<u>(359,913)</u>

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Loss attributable to equity shareholders of the Company arises from:			
Continuing operations		(149,538)	(188,955)
Discontinued operation		<u>–</u>	<u>(168,644)</u>
		<u>(149,538)</u>	<u>(357,599)</u>
Loss per share	8		
From continuing and discontinued operations			
Basic		(7.91) cents	(18.95) cents
Diluted		<u>(7.91) cents</u>	<u>(18.95) cents</u>
From continuing operations			
Basic		(7.91) cents	(10.01) cents
Diluted		<u>(7.91) cents</u>	<u>(10.01) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021 (Expressed in Renminbi)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss for the year	(151,334)	(359,913)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of entities outside the People's Republic of China	5,573	(1,476)
Exchange difference reclassified to profit or loss upon disposal of a subsidiary	–	16,170
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation surplus on leasehold land and buildings, net of tax	7,248	265,617
Reserve released on leasehold land and buildings classified as held for sale, net of tax	<u>(45,368)</u>	<u>–</u>
Other comprehensive (loss)/income for the year	<u>(32,547)</u>	<u>280,311</u>
Total comprehensive loss for the year	<u>(183,881)</u>	<u>(79,602)</u>
Attributable to:		
Equity shareholders of the Company	(182,085)	(89,080)
Non-controlling interests	<u>(1,796)</u>	<u>9,478</u>
	<u>(183,881)</u>	<u>(79,602)</u>
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company arises from:		
Continuing operations	(182,085)	62,194
Discontinued operation	<u>–</u>	<u>(151,274)</u>
	<u>(182,085)</u>	<u>(89,080)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021 (Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		222,367	419,830
– Interests in leasehold land held for own use		25,998	117,998
		<u>248,365</u>	<u>537,828</u>
Intangible assets			
Goodwill		–	–
Interests in associates		277,936	16,899
Financial asset at fair value through profit or loss		521	537
		<u>687,657</u>	<u>718,110</u>
Current assets			
Inventories		32,005	27,287
Trade and other receivables	10	46,255	420,359
Pledged bank deposits		–	25,520
Cash and cash equivalents		9,443	7,694
		<u>87,703</u>	<u>480,860</u>
Assets classified as held for sale/assets of a disposal group classified as held for sale		180,000	96,099
		<u>267,703</u>	<u>576,959</u>
Current liabilities			
Contract liabilities		6,097	5,808
Trade and other payables	11	249,665	268,164
Contingent consideration payable		7,800	–
Bank and other borrowings	12	616,825	796,248
Lease liabilities		1,605	3,156
Financial liabilities at fair value through profit or loss		–	16,199
Current taxation payable		13,981	12,195
		<u>895,973</u>	<u>1,101,770</u>

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Liabilities of a disposal group classified as held for sale		–	54,666
		895,973	1,156,436
Net current liabilities		(628,270)	(579,477)
Total assets		955,360	1,295,069
Total assets less current liabilities		59,387	138,633
Non-current liabilities			
Bank and other borrowings	12	213,290	45,635
Lease liabilities		390	6,416
Financial liabilities at fair value through profit or loss		–	472
Deferred tax liabilities		57,082	63,688
		270,762	116,211
NET (LIABILITIES)/ASSETS		(211,375)	22,422
CAPITAL AND RESERVES			
Share capital		1	1
Reserves		(211,376)	16,278
Total equity attributable to equity shareholders of the Company		(211,375)	16,279
Non-controlling interests		–	6,143
(EQUITY DEFICIENCY)/TOTAL EQUITY		(211,375)	22,422

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. PRINCIPAL ACTIVITIES OF REPORTING ENTITY

The Company was incorporated in the Cayman Islands on 1 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 23 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in research and development, manufacturing, sales and distribution of pharmaceutical products and the provision of marketing and promotion services to suppliers in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the presentation currency of the Group and the functional currency of the primary economic environment in the PRC where the majority of the entities within the Group operate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 2(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Going concern basis

The Group reported a net loss and total comprehensive loss attributable to equity shareholders of the Company of approximately RMB149,538,000 and RMB182,085,000, respectively, for the year ended 31 December 2021. As at 31 December 2021, the Group had net current liabilities and net liabilities of approximately RMB628,270,000 and RMB211,375,000, respectively. The Group's total borrowings amounted to approximately RMB830,115,000, of which approximately RMB616,825,000 will be due for repayment within next twelve months from 31 December 2021; while its unrestricted cash and cash equivalents amounted to approximately RMB9,443,000 only as at 31 December 2021. As at 31 December 2021, the bank and other borrowings of the Group in aggregate of approximately RMB224,412,000 were overdue, which further increased to approximately RMB268,620,000 as of the date of this report, of which the Group has subsequently obtained extension of repayment of balance of approximately RMB24,519,000 prior to the date of this report. The overdue bank and other borrowings without extension have become immediately repayable.

All of the above conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but not limited to, the following:

- (i) The Group has been actively negotiating with a number of banks and other financial institutions for renewal and extension of bank and other borrowings. Specially, the Group is currently in active negotiations with the lenders to extend the repayment dates of the overdue borrowings, and to obtain waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings;
- (ii) The Group has accelerated its disposal plan of its properties, plant and equipment and leasehold land to reduce its debts. Subsequent to 31 December 2021 and up to the date of this announcement, the Group is also in advanced stage of discussion with an independent third party in relation to entering into of a disposal agreement, pursuant to which the Group shall conditionally agree to dispose of certain of the Group's property, plant and equipment and leasehold land. The Group and the independent third party are currently finalising the term of disposal agreement;
- (iii) On 29 April 2022, the Group has entered into a framework agreement with the municipal government in the PRC, as a strategic investor, to set up a joint venture company specialised in pharmaceutical research and development. Pursuant to the framework agreement, the municipal government intends to provide funds of approximately RMB200 million for the establishment of plants and facilities to be used by the joint venture company and RMB300 million to subscribe not more than 15% equity interest in the joint venture company with exist period of three years;
- (iv) The Group will continue to take active measures to control administrative costs through various channels including human resources optimization and containment of capital expenditures; and
- (v) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital investments to finance the Group's working capital and improve the liquidity position.

The directors of the Company have reviewed the Group's cash flow forecast prepared by the management for a period covered not less than twelve months from date of approval for the consolidated financial statements. The directors of the Company are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis for the year ended 31 December 2021.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern would depend on the Group's ability to generate financial and operating cash flows through the following:

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by relevant lenders to demand immediate repayment of the borrowings with principals and interests in default;
- (ii) Successful negotiations with financial institutes and other lenders for the renewal of or extension for repayment of outstanding borrowings, including those that are overdue as at the date of approval of these financial statements and those that will fall due before 31 December 2022;

- (iii) Successful implementation and acceleration of its disposal plan of the Group's assets, including timely execution of definitive sales agreements and timely collection of the disposal proceeds;
- (iv) Successful establishment of the joint venture company with the municipal government to generate cash flows and obtain new sources of financing to repay such borrowings upon the due date; and
- (v) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the following assets and liabilities are stated at their fair value:

- Leasehold land and buildings;
- Financial assets at fair value through profit or loss;
- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at fair value through other comprehensive income (non-recycling).

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty.

(d) **Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

The principal activities of the Group are research and development, manufacturing, sales and distribution of pharmaceutical products.

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of proprietary pharmaceutical products	226,699	221,731

The timing of revenue recognition of all revenue from contracts with customers is at a point in time when a customer obtains control of goods transferred by the Group. All of the Group's remaining performance obligations for contracts with customers are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OTHER REVENUE AND OTHER INCOME

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
Bank interest income	239	2,835
Government grants and subsidies	2,130	1,503
Net exchange gain	6,656	16,131
Reversal of over-accrued expenses in previous years	122	8,215
Gain on deregistration of a subsidiary	–	459
Gain on bargain purchase from acquisition of an associate	19,400	–
Gain on disposal of land and buildings	12,734	–
Gain on disposal of a subsidiary	45,073	–
Gain on early termination of lease	357	–
Sundry income	1,156	288
	87,867	29,431

Government grants and subsidies represented unconditional cash awards granted by government authorities.

5. OTHER NET LOSS

	Continuing operations	
	2021	2020
	RMB'000	<i>RMB'000</i>
Net loss on disposal of property, plant and equipment	2,296	160
Cost on litigation settlement	9,484	2,272
Provision for legal claims	8,984	–
Provision for legal claims from an associate	22,157	–
Fair value loss on contingent consideration payable	7,800	–
Loss on partial disposal of equity interest in an associate	6,043	–
	<u>56,764</u>	<u>2,432</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Continuing operations	
	2021	2020
	RMB'000	<i>RMB'000</i>
(a) Finance costs:		
Interest on bank and other borrowings	78,272	78,797
Interest on convertible bonds	2,239	2,029
Imputed interest payable to non-controlling shareholders of a subsidiary	7,658	3,087
Interest on lease liabilities	558	1,198
Bank charges	72	1,426
	<u>88,799</u>	<u>86,537</u>
(b) Staff costs		
Contributions to defined contribution retirement plans	4,015	9,082
Salaries, wages and other benefits	28,121	46,388
Equity-settled share-based payment expenses	84	101
	<u>32,220</u>	<u>55,571</u>

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement schemes (the "Schemes") organised by the relevant local authorities whereby the PRC subsidiaries are required to make contributions to the Schemes at rates which range from 15% to 20% (2020: 15% to 20%) of the eligible employees' salaries during the year. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% (2020: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2020: HK\$30,000). Contributions to the MPF scheme vest immediately.

The Group has no other material obligation for payment of pension benefits beyond the annual contributions described above.

	Continuing operations	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
(c) Other items		
Cost of inventories	81,240	86,827
Depreciation of property, plant and equipment	34,658	18,721
Depreciation of right-of-use assets	5,619	3,631
Amortisation of intangible assets	1,972	2,045
Auditors' remuneration:		
– audit services	1,409	1,511
– non-audit services	–	711
Operating lease charges in respect of properties	483	3,008
Research and development costs	5,959	8,996
	<u>5,959</u>	<u>8,996</u>

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Continuing operations	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Corporate Income Tax		
Provision for the year	2,095	155
Under/(over) provision in respect of prior years	487	(9,175)
	<u>2,582</u>	<u>(9,020)</u>
Deferred tax		
Origination and reversal of temporary differences	–	–
	–	–
Income tax expense/(credit)	<u>2,582</u>	<u>(9,020)</u>

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the following loss attributable to equity shareholders of the Company and the weighted average number of ordinary shares outstanding.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss from continuing operations attributable to equity shareholders of the Company	(149,538)	(188,955)
Loss from a discontinued operation attributable to equity shareholders of the Company	—	(168,644)
	<u>(149,538)</u>	<u>(357,599)</u>

Weighted average number of ordinary shares (basic)

	2021 Number of shares '000	2020 Number of shares '000
Issued ordinary shares at 1 January	1,904,636	1,904,636
Effect of shares repurchased, granted and held under Share Award Scheme	(15,023)	(17,589)
At 31 December	<u>1,889,613</u>	<u>1,887,047</u>

(b) Diluted loss per share

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding redeemable convertible preference shares and convertible bonds of the Company which had an anti-dilutive effect. Accordingly, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2021 and 2020.

9. SEGMENT REPORTING

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segment:

- Proprietary products production and sales: revenue from production and sales of NT branded products and generic drugs through the Company's subsidiaries, Suzhou First Pharmaceutical Co., Ltd ("Suzhou First Pharma") and NT Biopharmaceuticals Jiangsu Co., Ltd..

An operation of selling and marketing Miacalcic branded products and sub-licensing of intellectual property rights and distribution rights of Miacalcic Injection and Miacalcic Nasal Spray was discontinued in 2020. The following segment information does not include any amounts for the discontinued operation.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocation resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and other payables and bank and other borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expense are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the segment without allocation of finance costs, certain administrative costs and directors' remuneration. Taxation is not allocated to reportable segments. This is measure reported to the Group's most senior executive management for the purpose of resources allocation and performance assessment.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 are set out below.

	Continuing operations	
	Proprietary products production and sales	
	2021	2020
	RMB'000	RMB'000
Reportable segment revenue from external customers	226,699	221,731
Timing of revenue recognition		
– at point in time	226,699	221,731
Reportable segment gross profit	145,459	134,904
Reportable segment results	(119,802)	(25,351)
Other Revenue:		
– Government grants and subsidies	2,130	1,239
– Sundry income	1,152	157
– Bank interest income	239	1,477
– Gain on deregistration of a subsidiary	–	459
– Reversal of over-accrued expenses in previous years	122	8,215
– Gain on disposal of land and buildings	12,734	–
Other net loss:		
– Net loss on disposal of property, plant and equipment	(1,560)	(160)
– Costs on litigation settlement	(8,291)	(2,272)
– Provision for legal claims	(8,984)	–
– Provision for legal claims from an associate	(22,157)	–
Share of result of an associate	(12)	8
Depreciation and amortisation	(41,374)	(21,106)
(Impairment loss)/reversal of impairment loss of trade receivables, net	(9,739)	1,390
(Impairment loss)/reversal of impairment loss of property, plant and equipment	(14,476)	10,980
Reversal of impairment loss/(impairment loss) of other receivables, net	3,602	(57,441)
Reportable segment assets	494,113	803,609
Additions to non-current segment assets during the year	1,784	2,800
Reportable segment liabilities	711,935	760,745
Reportable segment capital commitments	20,000	20,000

(b) **Reconciliations of reportable segment revenue, profit or loss, assets and liabilities**

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	226,699	221,731
	=====	=====
Loss		
Reportable segment operating loss	(119,802)	(25,351)
Unallocated head office and corporate expenses	(11,436)	(95,020)
Other revenue and other income – unallocated	71,490	17,884
Other net loss – unallocated	(15,772)	–
Fair value change on financial liabilities at fair value through profit or loss	465	(11,265)
Share of result of an associate	15,102	–
Finance costs	(88,799)	(86,537)
	-----	-----
Consolidated loss before taxation (continuing operations)	(148,752)	(200,289)
	=====	=====
Assets		
Reportable segment assets	494,113	803,609
Assets associated with disposal group classified as held for sale	–	79,833
Assets classified as held for sale	180,000	16,266
Assets relating to discontinued operation	–	370,422
Unallocated head office and corporate assets	281,247	24,939
	-----	-----
Consolidated total assets	955,360	1,295,069
	=====	=====
Liabilities		
Reportable segment liabilities	711,935	760,745
Deferred tax liabilities	57,082	63,688
Liabilities associated with disposal group classified as held for sales	–	54,666
Liabilities relating to discontinued operation	–	91,289
Unallocated head office and corporate liabilities	397,718	302,259
	-----	-----
Consolidated total liabilities	1,166,735	1,272,647
	=====	=====

(c) **Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets. The geographical location of the Group's non-current assets is based on the physical location of the non-current assets and in the case of intangible assets, the location of the use of relevant intellectual property rights and distribution rights to which they are allocated.

	Revenue from external customers				Non-current assets*			
	2021		2020		2021		2020	
	Continuing operations <i>RMB'000</i>	Discontinued operation <i>RMB'000</i>						
PRC	226,699	-	221,731	53,836	423,831	-	712,792	-
Hong Kong	-	-	-	19,529	263,305	-	4,781	-
Other countries	-	-	-	6,377	-	-	-	-
	<u>226,699</u>	<u>-</u>	<u>221,731</u>	<u>79,742</u>	<u>687,136</u>	<u>-</u>	<u>717,573</u>	<u>-</u>

* Excluding financial asset at FVTPL of RMB521,000 (2020: RMB537,000) which was related to operation in Hong Kong.

(d) **Information from major customers**

Revenue from major customers, which individually amounted to 10% or more of the total revenue, is set out below:

For the year ended 31 December 2021

	Continuing operations <i>RMB'000</i>	Discontinued operation <i>RMB'000</i>	Total <i>RMB'000</i>
Customer A	93,109	-	93,109
Customer B (<i>note</i>)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

For the year ended 31 December 2020

	Continuing operations <i>RMB'000</i>	Discontinued operation <i>RMB'000</i>	Total <i>RMB'000</i>
Customer A	69,506	-	69,506
Customer B	<u>9,111</u>	<u>43,718</u>	<u>52,829</u>

Note: Revenue from customer B did not contribute 10% or more of the total revenue of the Group during the year ended 31 December 2021.

10. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade debtors and bills receivables	648,525	652,102
Less: Loss allowance	<u>(636,073)</u>	<u>(626,138)</u>
	12,452	25,964
Deposits, prepayments and other receivables (<i>note (c)</i>)	<u>33,803</u>	<u>394,395</u>
	<u><u>46,255</u></u>	<u><u>420,359</u></u>

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

Ageing analysis of trade debtors and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	12,109	17,973
More than 3 months but within 6 months	166	7,159
More than 6 months but within 1 year	<u>177</u>	<u>832</u>
	<u><u>12,452</u></u>	<u><u>25,964</u></u>

Trade debtors are normally due within 60 to 180 days from the date of billing.

As at 31 December 2021, bank acceptance bills received amounting to RMB467,000 (2020: RMB6,496,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bank acceptance bills received by the Group are with a maturity period of less than six months.

(b) Impairment of trade debtors

The movement in the loss allowance account during the year, including both specific and collective loss components, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	626,138	620,373
Impairment loss recognised during the year	9,739	6,323
Exchange differences	<u>196</u>	<u>(558)</u>
At 31 December	<u><u>636,073</u></u>	<u><u>626,138</u></u>

Impairment losses on trade debtors were recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against the trade debtors directly.

Due to the slow down of the economy, deleveraging and the government regulations on the medicine industry in the PRC, the Group experience defaults in payments by its customers. The Group has recognised a provision for impairment loss of trade receivables of RMB9,739,000 (2020: RMB6,323,000), of which, impairment loss of RMB9,739,000 (2020: reversal of impairment loss of RMB1,390,000) and impairment loss of RMB Nil (2020: RMB7,713,000) were related to continuing operations and discontinued operation, respectively, during the year ended 31 December 2021. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of the customers. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

At 31 December 2021, trade receivables of RMB232,000 (2020: RMB4,139,000) were pledged to secure for the Group's borrowings.

(c) **Deposits, prepayments and other receivables**

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Consideration receivable	7,000	360,000
VAT recoverable, net of write-off	5,539	5,703
Other receivables, net of allowance for impairment loss	8,984	6,841
Prepayments	11,066	20,016
Advances paid to suppliers	148	306
Rental and other deposits	1,066	1,529
	33,803	394,395

11. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade creditors	44,630	41,177
Bills payable (<i>note (a)</i>)	–	5,520
	<hr/>	<hr/>
Total trade creditors and bills payable (<i>note (b)</i>)	44,630	46,697
Accrued staff costs	2,691	2,475
Accrued promotional expenses	22,434	70,085
Other tax payable	6,785	2,905
Interest payable	63,824	26,818
Considerations payable	–	4,971
Provision for legal claims	33,451	24,467
Provision for legal claims from an associate	68,231	46,074
Refundable deposit	–	1,000
Other payables and accruals	7,619	42,672
	<hr/>	<hr/>
	249,665	268,164
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

- (a) As at 31 December 2021, bills payable of the Group RMB Nil (2020: RMB5,520,000) were secured by the pledged bank deposits.
- (b) Ageing analysis of trade creditors and bills payable based on the billing date of invoices is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	9,932	18,243
More than 3 months but within 6 months	1,279	23,298
More than 6 months but within 1 year	138	1,018
More than 1 year	33,281	4,138
	<hr/>	<hr/>
	44,630	46,697
	<hr/> <hr/>	<hr/> <hr/>

12. BANK AND OTHER BORROWINGS

Details of bank and other borrowings are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current		
Secured bank borrowings	369,448	395,000
Unsecured bank borrowings	–	69,861
Secured other borrowings	157,578	57,400
Unsecured other borrowings		
– Redeemed CPSs	–	192,984
– Other borrowings	69,120	68,957
– Corporate bonds	10,362	12,046
– Convertible bonds	10,317	–
	<u>616,825</u>	<u>796,248</u>
Non-current		
Secured other borrowings	7,500	21,771
Unsecured other borrowings		
– Redeemed CPSs	187,412	–
– Other borrowings	3,600	–
– Corporate bonds	14,778	14,951
– Convertible bonds	–	8,913
	<u>213,290</u>	<u>45,635</u>
Carrying amount payable:		
– Within one year	616,825	796,248
– After one but within two years	213,290	16,024
– After two but within five years	–	29,611
Total borrowings	830,115	841,883
Less: Current portion of borrowings due for repayment within one year	(476,377)	(796,248)
Current portion of borrowings subject to immediate demand repayment clause	(140,448)	–
Non-current borrowings	<u>213,290</u>	<u>45,635</u>

13. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2020: Nil) to the shareholders.

14. DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2021

On 2 June 2021, the Group completed the disposal of its entire interest in a subsidiary, NT Pharma (China) Co., Ltd. which assets and liabilities were classified as a disposal group held for sale as at 31 December 2020 for a consideration of RMB85,891,000.

	2021 RMB'000
Property, plant and equipment	72,166
Land use rights	8,466
Cash and cash equivalents	186
Bank borrowings	<u>(40,000)</u>
Net assets disposal of	<u><u>40,818</u></u>
Gain on disposal of a subsidiary:	
Total consideration	85,891
Net assets disposed of	<u>(40,818)</u>
Gain on disposal of a subsidiary	<u><u>45,073</u></u>
Consideration was satisfied by:	
Cash consideration received	78,891
Cash consideration receivable	<u>7,000</u>
Total consideration	<u><u>85,891</u></u>
Net cash inflow arising on disposal:	
Cash consideration received	78,891
Cash and cash equivalents disposed of	<u>(186)</u>
Net cash inflow on disposal of a subsidiary	<u><u>78,705</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

NT Pharma is a technology-based pharmaceutical company integrated with research and development (“**R&D**”), manufacturing and sales of its own products. With its products covering therapeutic areas including central nervous system (“**CNS**”), oncology and hematology. NT Pharma owns two new National Class 1 drugs, one well-known international innovative brand-name drug and a number of generic drugs. The Group conducts its drug manufacturing through its subsidiaries. The Group owns several sales and distribution and R&D specialists. It also has an extensive sales network in the People’s Republic of China (“**China**” or “**PRC**”).

In the year of 2021, the Group devoted much effort to the adjustment and restructuring of its sales model, tightening of cost control and improvement of its financial condition. The overall revenue of the Group from continuing operations for the year ended 31 December 2021 (the “**Year under Review**”) increased by RMB5 million to RMB226.7 million, as compared with RMB221.7 million for the corresponding period in 2020. Operating loss of RMB60.0 million from continuing operations was generated for the year ended 31 December 2021, as compared with an operating loss of RMB113.8 million for the corresponding period in 2020. The Group recorded a loss of RMB151.3 million for the year ended 31 December 2021, as compared with a loss of RMB359.9 million for the corresponding period in 2020, representing a decrease of 58.0% year on year.

BUSINESS REVIEW

Challenging economic conditions and the accelerated implementation of regulatory changes have further intensified competition in all aspects of the pharmaceutical industry, putting tremendous pressure on the Group’s results. The Group’s business is currently composed of one major operating segment, i.e. manufacturing and sales of proprietary products.

The Group’s proprietary products include Shusi, Zhuo’ao and other drugs. For the year ended 31 December 2021, the total revenue from manufacturing and sales of proprietary products increased by RMB5 million or 2.3% to RMB226.7 million, as compared with RMB221.7 million for the corresponding period in 2020. Revenue of Shusi increased by RMB8.6 million or 4.7% to RMB190.4 million for the Year under Review, as compared with RMB181.8 million for the corresponding period in 2020. The increase in sales of Shusi was attributable to increase in the sale volume of Shusi during the Year under Review. Revenue of Zhuo’ao decreased by RMB6.0 million or 26.8% to RMB16.4 million for the Year under Review, as compared with RMB22.4 million for the corresponding period in 2020. The decrease in sales of Zhuo’ao was mainly due to the price adjustment and the decrease in sale volume of Zhuo’ao during the Year under Review.

OUTLOOK

Despite signs of a gradual recovery following the easing of lockdown restrictions imposed to contain the outbreak of COVID-19 epidemic, widespread uncertainty about the second wave of infection and diplomatic disagreements between China and the United States have clouded the outlook on global economy. In the face of the global economic slowdown and domestic headwinds, the Chinese government has introduced strong fiscal and monetary policies to support businesses, stimulate domestic demand and maintain employment in order to tide over the difficult times.

The management will continue to strive to adopt flexible strategies to respond to market changes and remain vigilant in controlling operating costs in order to enhance operational efficiency and improve the Group's financial flexibility. Specifically, the Group will strengthen the operational efficiency in proprietary products and target at developing the new scope of products and services in the future.

FINANCIAL REVIEW – CONTINUING OPERATIONS

Revenue

	For the year ended 31 December							
	2021				2020			
	Sales volume '000	Average unit price RMB	Sales amount RMB'000	Proportion (%)	Sales volume '000	Average unit price RMB	Sales amount RMB'000	Proportion (%)
Proprietary products production and sales								
Shusi	7,507	25.4	190,431	84.0%	6,393	28.4	181,832	82.0%
Zhuo'ao	8,517	1.9	16,388	7.2%	10,266	2.2	22,373	10.1%
Others	9,645	2.1	19,880	8.8%	11,528	1.5	17,526	7.9%
Total			226,699	100%			221,731	100%

Revenue from manufacturing and sales of proprietary products increased by RMB5.0 million to RMB226.7 million, accounting for 100% of the total revenue in the Year under Review, as compared with RMB221.7 million or 100% of the Group's revenue in the corresponding period in 2020. The increase in revenue from manufacturing and sales of proprietary products was due to increase in sale volume of Shusi during the Year under Review.

Cost of Sales

For the year ended 31 December 2021, cost of sales decreased by RMB5.6 million to RMB81.2 million, as compared with RMB86.8 million for the corresponding period in 2020.

Gross Profit

Products	For the year ended 31 December			
	2021		2020	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	Profit	Margin	Profit	Margin
	RMB'000	(%)	RMB'000	(%)
Proprietary products production and sales				
Shusi	135,686	71.3%	125,957	69.3%
Zhuo'ao	8,105	49.5%	13,509	60.4%
Others	1,668	8.4%	(4,562)	(26.0)%
Total	145,459	64.2	134,904	60.8%

Gross profit increased by RMB10.6 million to RMB145.5 million for the year ended 31 December 2021, as compared with RMB134.9 million in the corresponding period in 2020. Gross profit margin increased by 3.4 percentage points to 64.2% for the year ended 31 December 2021, as compared with 60.8% for the corresponding period in 2020. The increase in gross profit margin was mainly due to the increase in sales contribution of products with higher gross profit margin such as Shusi as a result of the change in sales model and business partner which resulted in an increase of revenue of the relevant products with higher gross profit.

Reportable Segments Operating Loss

The operating expenses of the Group increased by RMB105.0 million or 65.5% to RMB265.3 million for the year ended 31 December 2021, as compared with RMB160.3 million for the corresponding period in 2020. The Group reported an operating loss of RMB119.8 million for the year ended 31 December 2021, as compared with an operating loss of RMB25.4 million for the corresponding period in 2020. The following table sets forth a breakdown of the Group's adjusted EBITDA by reportable segments for the year ended 31 December 2021:

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Proprietary products production and sales	<u>(57,815)</u>	<u>(25.5)</u>	<u>45,113</u>	<u>20.3</u>
Total	<u>(57,815)</u>	<u>(25.5)</u>	<u>45,113</u>	<u>20.3</u>

Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs increase by RMB2.3 million or 2.7% to RMB88.8 million for the year ended 31 December 2021, as compared with RMB86.5 million for the corresponding period in 2020. The increase in finance costs was mainly due to increase in the outstanding of interest-bearing borrowing for the Year under Review as compared with the corresponding period in 2020.

Taxation

Income tax expense was RMB2.6 million for the year ended 31 December 2021 as compared with the income tax credit of RMB9.0 million for the corresponding period in 2020.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the year ended 31 December 2021 was RMB149.5 million as compared with the loss attributable to equity holders of the Company of RMB357.6 million for the corresponding period in 2020. Both the basic and diluted loss per share from continuing and discontinued operations for the year ended 31 December 2021 were RMB7.91 cents as compared with RMB18.95 cents for the year ended 31 December 2020.

Loss attributable to equity holders of the Company from continuing operations for the year ended 31 December 2021 was RMB149.5 million as compared with the loss attributable to equity holders of the Company from continuing operations of RMB189.0 million for the corresponding period in 2020. Both the basic and diluted loss per share from continuing operation for the year ended 31 December 2021 were RMB7.91 cents as compared with RMB10.01 cents for the year ended 31 December 2020.

Capital Expenditure

Total capital expenditure spent for the year ended 31 December 2021 decreased by RMB3.1 million or 83.8% to RMB0.6 million, as compared with RMB3.7 million for the corresponding period in 2020, which was mainly used for acquiring property, plant and equipment in Suzhou.

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

The primary objective of the Group's capital management is to maintain its ability to continue as a going concern so that the Group can constantly provide returns for shareholders of the Company and benefits for other stakeholders by implementing proper product pricing and securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group closely monitors its debt/assets ratio, which is defined as total borrowings divided by total assets.

Foreign Currency Exposure

The Group is exposed to currency risks primarily through sales made by the Group's Hong Kong and PRC subsidiaries, certain bank deposits and bank loans which are denominated in Hong Kong dollars. The Group recorded a net exchange gain of RMB6.7 million for the year ended 31 December 2021, while the net exchange gain of the Group for the corresponding period in 2020 was RMB16.1 million. Currently, the Group does not employ any financial instruments to hedge against foreign exchange risk.

Interest Rate Exposure

The Group's interest rate risk arises primarily from bank loans, other borrowings and bank balances. Borrowings at variable rates expose the Group to cash flow interest rate risk. Currently, the Group does not employ any financial instruments to hedge against interest rate risk.

Group Debt and Liquidity

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total debt	(832,110)	(910,626)
Time deposits, pledged bank deposits, cash and cash equivalents	<u>9,443</u>	<u>33,214</u>
Net debt	<u>(822,667)</u>	<u>(877,412)</u>

The maturity profile of the Group's borrowings is set out as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Repayable:		
– Within one year	616,825	796,248
– After one but within two years	213,290	16,024
– After two but within five years	<u>–</u>	<u>29,611</u>
	<u>830,115</u>	<u>841,883</u>

The Group's bank borrowings as at 31 December 2021 were approximately RMB369.4 million (31 December 2020: RMB464.9 million), out of which RMB369.4 million (31 December 2020: RMB464.9 million) were bank borrowings from banks in the PRC with fixed interest rates ranged from 4.35% to 6.52% (2020: 4.3% to 6.75%) per annum.

Save as disclosed above, as at 31 December 2021, the Group had other borrowings of RMB460.7 million (2020: RMB377.0 million).

Debt-to-Assets Ratio

The Group closely monitors its debt-to-assets ratio to optimize its capital structure so as to ensure solvency and the Group's ability to continue as a going concern.

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total debt	832,110	910,626
Total assets	955,360	1,295,069
Debt-to-assets ratio	87.1%	70.3%

Charges on the Group's Assets

As at 31 December 2021, none of the Group's bank deposits (31 December 2020: RMB25.5 million) were pledged to the banks to secure certain bank loans and bills payable. As at 31 December 2021, certain banking facilities of the Group were secured by the Group's intellectual property rights, fixed assets and trade receivables, which amounted to RMB252.1 million (31 December 2020: RMB528.8 million).

Capital Commitments

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for – investment in associates	20,000	380,000

As at 31 December 2021, the Group had no future minimum lease payments under non-cancellable operating leases payable as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within one year	<u> – </u>	<u> 510 </u>

The Group is the lessee of a number of properties under operating leases. None of the leases includes contingent rentals.

Significant Investments Held

Except for investments in its subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other company for the year ended 31 December 2021.

Material Acquisition and Disposal

- a. On 11 November 2020, NT Pharma (Group) Co., Ltd. (“**NT Group**”, a direct wholly-owned subsidiary of the Company) and Fortune Blaze Investments Limited (“**Fortune Blaze**”, an independent third party to the Company) entered into a sale and purchase the entire issued share capital of The Mountains Limited, which holds 100% equity interest in NT Pharma (China) Co., Ltd. (“**NT Pharma (China)**”), at the estimated consideration of RMB126,847,000 minus the audited net assets value of NT Pharma (China) at the completion date. The disposal transaction was completed on 2 June 2021 and The Mountains Limited and NT Pharma (China) ceased to be subsidiaries of the Company.
- b. On 21 April 2020, the Group and Beijing Konruns Pharmaceutical Co., Limited (“**Beijing Konruns**”) entered into an agreement, pursuant to which, the Group has conditionally agreed to subscribe for 40% equity interest in Beijing Kangchen (a wholly-owned subsidiary of Beijing Konruns and holding 100% equity interest of NT Pharma International Company Limited since 3 September 2020) at a consideration of RMB 360,000,000. The transaction was completed on 23 April 2021. On 21 October 2021, the Group and Beijing Konruns entered into share transfer agreement, pursuant to which, the Group transferred 13.7% equity interest in Beijing Kangchen to Beijing Konruns at a consideration of RMB127,409,000. The transaction was completed on 4 November 2021. As at 31 December 2021, the Group holds 26.3% equity interest of Beijing Kangchen, The Group can exercise significant influence over its operating and financial activities, accordingly, it is regarded as an associate.

Save as disclosed above, during the Year under Review, the Group did not have any other material acquisition or disposal.

Future Plans for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets for the year ended 31 December 2021.

Contingent Liabilities

- (a) On 5 January 2021, a customer as the plaintiff, filed a legal proceeding against a subsidiary as defendant in 北京市東城區人民法院 in respect of overdue promotional service charges of RMB24,455,000, and related expenses of RMB12,000, totalling approximately RMB24,467,000.

On 9 September 2021, the Group received a judgement from the Court and ordered that claim liability amounted to approximately RMB24,467,000 together with interests accrued thereon and related legal costs, is required to be settled by the defendant. A provision for claim in the amount of RMB33,451,000 (2020: RMB24,467,000) was made for the year ended 31 December 2021 under trade and other payables.

- (b) On 24 August 2021, a writ of summons was issued by an associate, 盈泰醫藥, as plaintiff, against a wholly owned subsidiary of the Group, NT (BJ) Pharma Technology Co., Ltd (泰凌(北京)醫藥科技開發有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), as defendant. The plaintiff claimed for the outstanding promotional services fees and accrued interests in the total amount of approximately RMB68,231,000. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation.

On 27 September 2021, the Group received a judgement from 江蘇省泰州醫藥高新技術產業開發區人民法院 (“泰州高新區法院”) and ordered that the defendant is required to pay a sum of approximately RMB63,700,000 plus related costs of RMB4,531,000. A provision of claim in the amount of RMB68,231,000 (2020: RMB46,074,000) was made for the year ended 31 December 2021 under trade and other payables.

- (c) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against a wholly owned subsidiary, Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司), NTP (China) Investment Co., Ltd (泰凌(中國)投資有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and NT Pharma (Changsha) Co., Ltd (泰凌醫藥(長沙)有限公司), collectively as defendants. The plaintiff claimed for the repayment of principal and the accrued interests of a loan in the total amount of approximately RMB35,260,000. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation.

On 28 October 2021, the plaintiff and Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司), NTP (China) Investment Co., Ltd (泰凌(中國)投資有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and NT Pharma (Changsha) Co., Ltd (泰凌醫藥(長沙)有限公司), collectively as defendants, reached a mediation that the claimed borrowings was revised to be RMB33,811,000 which will be repaid in accordance with the revised and extended schedule to December 2022.

- (d) On 6 December 2021, a PRC subsidiary, NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) (“**NT Biopharmaceuticals**”) was served by a writ of summons in 蘇州工業園區人民法院 by a PRC bank, for its non-compliance to the terms and conditions of a loan agreement. According to the Statement of Claim, the bank is pursuing claims against NT Biopharmaceuticals for an immediate repayment of all outstanding loan principal and interest, in the sum of approximately RMB101,000,000, together with the default interest. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation. NT Biopharmaceuticals will continue to negotiate with the bank to restructure the due bank loan, together with the default interest, with extension of maturity and revised repayment schedule.

For the above litigations, which were mainly in relation to failure to perform the obligation of the related liabilities already recognised in the consolidated financial statements, the Group is proactively communicating with the creditors, striving to solve the litigations through settlement by agreement.

HUMAN RESOURCES

As at 31 December 2021, the Group had 212 full-time employees (31 December 2020: 224 full-time employees). For the year ended 31 December 2021, the Group’s total cost on remuneration, welfare and social security amounted to RMB32.2 million (31 December 2020: RMB55.6 million). The Group maintains good relationships with its employees and certain policies have been carried out to ensure that the employees are receiving competitive remuneration, good welfare and continuous professional training. The remuneration structure of the Group is based on employee performance, local consumption levels and prevailing conditions in the human resources market. Directors’ remunerations are determined with reference to individual Director’s experience, responsibilities and prevailing market standards. On top of basic salaries, bonuses may be paid according to the Group’s performance as well as individual’s performance. Other staff benefits include contributions to the Mandatory Provident Fund retirement benefits scheme in Hong Kong and various retirement benefits schemes including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees of the Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. The salaries and benefits of the Group’s employees are kept at a competitive level and employees are rewarded according to their individual performances within the framework of the Group’s salary and

bonus system, which is reviewed annually. The Group also operates a share option scheme (the “**Share Option Scheme**”) adopted by the Company on 22 September 2014, and a share award scheme (the “**Share Award Scheme**”) adopted on 4 September 2015, where options to subscribe for shares and share awards may be granted to the Directors and employees of the Group, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules and certain recommended best practices. Save as disclosed below, the Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 December 2021.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Tit assumes both the roles of chairman and chief executive officer of the Company. Nevertheless, the division of responsibilities between the two roles is clearly defined. On the whole, the role of chairman is that of monitoring the duties and performance of the Board, whereas the role of chief executive officer is that of managing the Company’s business. The Board believes that at the current stage of development of the Company, vesting the roles of both chairman and chief executive officer in the same person provides the Company with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors, with the independent non-executive Directors representing 42.9%, and more than one-third of the Board members. Such percentage of independent non-executive Directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions on terms no less exacting than the requested standard set out in the Model Code. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the year ended 31 December 2021, the Group is also in advanced stage of discussion with an independent third party in relation to entering into of a disposal agreement, pursuant to which the Group shall conditionally agree to dispose of certain land and buildings situated in the PRC and related plant and machinery. The Group and the independent third party are currently finalising the term of disposal agreement.
- (b) On 29 April 2022, the Group has entered into a framework agreement with the municipal government in the PRC, as a strategic investor, to set up a joint venture company specialised in pharmaceutical research and development. Pursuant to the framework agreement, the municipal government intends to provide funds of approximately RMB200 million for the establishment of plants and facilities to be used by the joint venture company and RMB300 million to subscribe not more than 15% equity interest in the joint venture company with exist period of three years.

REVIEW OF AUDITED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Pan Fei, Mr. Tze Shan Hailson Yu and Dr. Zhao Yubiao. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2021 and has recommended its adoption by the Board.

SCOPE OF WORK OF THE INDEPENDENT AUDITORS

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2021 have been agreed by the Group's auditor, Crowe (HK) CPA Limited ("**Crowe**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Crowe in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe on the preliminary announcement.

BASIS OF DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2(b) to the consolidated financial statements, the Group reported a net loss and total comprehensive loss attributable to equity shareholders of the Company of approximately RMB149,538,000 and RMB182,085,000, respectively, for the year ended 31 December 2021. As at 31 December 2021, the Group had net current liabilities and net liabilities of approximately RMB628,270,000 and RMB211,375,000, respectively. The Group's total borrowings amounted to approximately RMB830,115,000, of which approximately RMB616,825,000 will be due for repayment within next twelve months from 31 December 2021; while its unrestricted cash and cash equivalents amounted to approximately RMB9,443,000 only as at 31 December 2021. As at 31 December 2021, the bank and other borrowings of the Group in aggregate of approximately RMB224,412,000 were overdue and have become immediately repayable, which subsequently increased to approximately RMB268,620,000 as of the date of this report, of which the Group has subsequently obtained extension of repayment of balance of approximately RMB24,519,000 to March 2023.

The directors of the Company have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, which are set out in note 2(b) to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, including (i) the successful negotiations with financial institutions and other lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with principals and interests in default; (ii) the successful negotiations with financial institutions and other lenders for the renewal of or extension of repayment of all borrowings, including those that are overdue at the date of this report and those that will fall due before 31 December 2022; (iii) the successful implementation and acceleration its disposal plan of its property, plant and equipment; and (iv) the successful obtaining of new sources of financing or strategic capital investments. The successful outcomes of the above-mentioned plans and measures are subject to multiple uncertainties.

These conditions, together with other matters described in note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

ACTION PLAN TO ADDRESS AUDIT QUALIFICATION

The auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements.

In order to address the issues, up to the date of this announcement, the Group has taken and will continue to implement the following measures (the "**Measures**") under the Group's action plan to improve the Group's liquidity position, including:

- (i) The Group is actively negotiating with a number of banks and other financial institutions for renewal and extension of bank and other borrowings. Specially, the Group is currently in active negotiations with the lenders to extend the repayment dates of the overdue borrowings, and to obtain waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings;
- (ii) The Group accelerates its disposal plan of its properties, plant and equipment and leasehold land to reduce its debts. Subsequent to 31 December 2021 and up to the date of this announcement, the Group is also in advanced stage of discussion with an independent third parties in relation to entering into of a disposal agreement, pursuant to which the Group shall conditionally agree to dispose of certain of the Group's property, plant and equipment and leasehold land. The Group and the independent third parties are currently finalising the term of disposal agreement;
- (iii) On 29 April 2022, the Group has entered into a framework agreement with the municipal government in the PRC, as a strategic investor, to set up a joint venture company specialized in pharmaceutical research and development. Pursuant to the framework agreement, the municipal government intends to provide funds of approximately RMB200 million for the establishment of plants and facilities to be used by the joint venture company and RMB300 million to subscribe not more than 15% equity interest in the joint venture company with exist period of three years;
- (iv) The Group will continue to take active measures to control administrative costs through various channels including human resources optimization and containment of capital expenditures; and
- (v) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital investments to finance the Group's working capital and improve the liquidity position.

As at the date of this announcement, none of the Measures has been completed. As the Measures involve on-going negotiations and communications with various external parties, potential purchasers and creditors, it is difficult to define a definite timetable on the completion of Measures under the action plan. Notwithstanding, the Board will strive to complete the Measures before the financial year ending 31 December 2022.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The Audit Committee has reviewed and agreed with the views and concerns of the Auditor with respect to the Audit Qualification on the consolidated financial statements of the Group for the year ended 31 December 2021. The Audit Committee noted that the Board has undertaken or in the progress of implementing the Measures to improve the Group's liquidity position. As at the date of this announcement, the Board is not aware of any indication that any of the Measures cannot be completed. With reference to the cash flow forecast which is prepared upon the assumption that the Measures will be successfully implemented, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements for the year ended 31 December 2021. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

The Audit Committee has reviewed and agreed with the management's position and is of the view that the Board should continue its efforts in implementing necessary measures for enhancing the Group's liquidity position and removing the Audit Qualification in the next financial year.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the Auditor, as the Audit Qualification relates to the Company's ability to continue as a going concern, in preparing the financial statements for the year ending 31 December 2022, the Board will be responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis with reference to the conditions and circumstances as at 31 December 2022. The Auditor will obtain sufficient appropriate audit evidence to assess the appropriateness of the Board's application of going concern basis in preparing the Group's consolidated financial statements, and based on the audit evidence obtained, to determine whether multiple uncertainties exist in relation to the Company's going concern issue.

The Board's assessment of the Company's ability to carry on as a going concern as at 31 December 2022 will take into consideration the relevant conditions and circumstances, and also a then cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statement for the year ending 31 December 2022.

Because of the foregoing, as at the date of this announcement, the Auditor is unable to confirm whether the Audit Qualification will be removed for the annual results for the year ending 31 December 2022. However, assuming all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence is obtained by the Auditor and the Board is satisfied that the Company can continue business as a going concern, barring any unforeseen circumstances, it is likely that the annual results for the year ending 31 December 2022 will be free of the Audit Qualification.

PUBLICATION OF ANNUAL RESULTS

The audited annual results announcement is published on websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ntpharma.com). The Annual Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review in the same websites on or before 31 May 2022.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers, management team and staff for their continuous support to the Group.

By order of the Board
China NT Pharma Group Company Limited
Ng Tit
Chairman

Hong Kong, 20 May 2022

As at the date of this announcement, the executive Directors are Mr. Ng Tit, Ms. Chin Yu and Mr. Wu Weizhong; the non-executive Director is Dr. Qian Wei; and the independent non-executive Directors are Mr. Tze Shan Hailson Yu, Mr. Pan Fei and Dr. Zhao Yubiao.