中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1011)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China NT Pharma Group Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the previous year, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") and reviewed by the audit committee of the Company as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
			(Re-presented)
Continuing operations			
Revenue	3	**7,366**	–
Other income and gain	4	**2,346**	7,490
Other losses	5	**–**	(626)
Share of results of associates	10	**37,039**	9,003
Provision for allowance for expected credit loss on other receivables, net		**–**	(3,920)
Gain on disposal of subsidiaries	17	**12,272**	–
General and administrative expenses		**(63,574)**	(22,622)
Finance costs	6	**(28,818)**	(39,365)
Loss before income tax from continuing operations	7	**(33,369)**	(50,040)
Income tax expense	8	**(122)**	–
Loss for the year from continuing operations		**(33,491)**	(50,040)
Loss for the period/year from discontinued operations, net of tax	16	**(110,099)**	(16,365)
Loss for the year		**(143,590)**	(66,405)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(2,808)**	(24,895)
Release of exchange reserve upon disposal of subsidiaries	17	**1,389**	–
Item that will not be reclassified to profit or loss:			
Revaluation surplus on leasehold land and buildings, net of tax		**–**	60,413
Other comprehensive (loss)/income for the year, net of income tax		**(1,419)**	35,518
Total comprehensive loss for the year		**(145,009)**	(30,887)

	Note	2023 RMB'000	2022 RMB'000 (Re-presented)
Loss for the year attributable to the owners of the Company			
– From continuing operations		**(33,491)**	(50,040)
– From discontinued operations		**(110,099)**	(16,365)
		(143,590)	(66,405)
Total comprehensive (loss)/income for the year attributable to the owners of the Company			
– From continuing operations		**(36,299)**	(58,338)
– From discontinued operations		**(108,710)**	27,451
		(145,009)	(30,887)
Loss per share attributable to the owners of the Company, basic and diluted (in RMB cents)	9		
– From continuing operations		**(1.69)**	(2.63)
– From discontinued operations		**(5.57)**	(0.86)
For continuing and discontinued operations		**(7.26)**	(3.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**944**	379,719
Interests in leasehold land held for own use		**–**	115,998
Intangible assets		**195**	158,985
Goodwill		**–**	–
Interests in associates	10	**312,960**	277,013
Prepayments		**2,160**	–
Financial asset at fair value through profit or loss		**586**	569
		316,845	932,284
Current assets			
Inventories		**–**	10,318
Trade and other receivables	11	**10,757**	57,185
Cash and bank balances	12	**1,520**	5,931
		12,277	73,434
Current liabilities			
Trade and other payables	13	**152,910**	311,800
Contract liabilities		**–**	4,798
Contingent consideration payable		**–**	2,054
Lease liabilities		**634**	946
Bank and other borrowings	14	**340,708**	825,045
Financial guarantee contracts	15	**170,713**	–
Tax payable		**122**	25,050
		665,087	1,169,693
Net current liabilities		**(652,810)**	(1,096,259)
Total assets less current liabilities		**(335,965)**	(163,975)
Non-current liabilities			
Lease liabilities		**382**	463
Other borrowings	14	**3,218**	–
Deferred tax liabilities		**–**	77,220
		3,600	77,683
NET LIABILITIES		**(339,565)**	(241,658)
Equity attributable to the owners of the Company			
Share capital	19	**1**	1
Reserves		**(339,566)**	(241,659)
Total capital deficits		**(339,565)**	(241,658)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE INFORMATION

China NT Pharma Group Company Limited (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 registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is 28th Floor, The Wellington, 198 Wellington Street, Sheung Wan, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 April 2011.

The Company is an investment holding company while its principal subsidiaries (together with the Company, collectively referred to as the "**Group**") are 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. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, 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 consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange ("**Listing Rules**").

Application of new and amendments to HKFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2023, the Group has applied the following new and amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and the Related Amendments

Except for the below, the application of the above new and amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in theses consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In the opinion of the directors of the Company, the application of the amendments in the current year had no material impact on the Group's financial position and performance.

Changes in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**").

The following key changes will take effect since the Transition Date:

– Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

– The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "**Guidance**") which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

– Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)

– Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

The Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively by approach 1. The directors of the Company have assessed the impact of this change in accounting policy and consider that the impact on the Group's results and financial position for the current or prior periods is not material.

Amendments to HKFRSs that issued but not yet effective for the year ended 31 December 2023

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments to HKFRSs is expected to be in the period of initial application. So far the Group has not identified any aspects of the new standards which may have a significant impact on the consolidated financial statements.

Going concern

The Group incurred a net loss of approximately RMB33,491,000 from its continuing operations for the year ended 31 December 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB652,810,000 and RMB339,565,000, respectively. The Group's total borrowings amounted to approximately RMB343,926,000, of which approximately RMB21,171,000, RMB286,087,000 and RMB32,920,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2023, respectively, while the Group's total cash and bank balances amounted to approximately RMB1,520,000 as at 31 December 2023.

All of the above conditions indicate the existence of 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 lenders for renewal and extension of 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 will develop itself into an integrated platform enterprise that covers Full Management of Osteopathic Diagnosis and Treatment. Subsequent to the year ended 31 December 2023, The Group has acquired certain of healthcare products or license aiming provide a variety of specialized drug combinations in the field of bone health. The platform will also provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipment and rehabilitation treatment, provide different levels of full-service medical services, and provide personalized customized medical care;

(iii) 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

(iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital.

The directors of the Company have reviewed the Group's cash flow forecast prepared by the management of the Company 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 2023.

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 the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default;

(ii) Successful develop itself into an integrated platform enterprise that covers Full Management of Osteopathic Diagnosis and Treatment and expand its market share;

(iii) Successful obtaining new sources of financing to repay such borrowings upon the due date; and

(iv) 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.

3. SEGMENT INFORMATION AND REVENUE

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the financial performance of the Group as a whole, which generated revenue solely from sales of proprietary pharmaceutical products prior to the date of deconsolidation of the discounted operations (see note 16) and from provision of agency services for sales of proprietary pharmaceutical products through a subsidiary of the Company after that date. The financial performance of the Group, determined in accordance with the Group's accounting policies, is reviewed by the CODM for performance assessment purposes. The Group's operations are regarded as one operating and reportable segment. Therefore, no segment information is presented other than below:

The Group's operations in relation to the sales of proprietary pharmaceutical products are presented as discontinued operations in the consolidated statement of profit or loss for the year ended 31 December 2023. The segment results below do not include any amounts from these discontinued operations which are separately disclosed in note 16.

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
<u>*Continuing operations*</u>		
Agency fee income	**7,366**	–

Geographical information

The Group's revenue from external customer was derived solely from its operations in the PRC, while the Group's non-current assets (excluding interests in associates and financial asset at fair value through profit or loss) is presented based on the location of assets as follows:

	2023	2022
	RMB'000	*RMB'000*
At 31 December		
Non-current assets		
The PRC	**2,675**	652,020
Hong Kong	**624**	2,682
	3,299	654,702

Information about major customer

Continuing operations

Revenue from customer, which individually contributed over 10% of the total revenue of the Group during the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Customer A	**7,366**	–

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Revenue from contracts with customers within the scope of HKFRS 15		
Agency fee income	**7,366**	–

The timing of revenue recognition of all revenue from contracts with customers is on a point in time basis, whereby revenue is recognised when the customer obtains control of the goods in the sales transactions in which the Group acts as agent. 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 INCOME AND GAIN

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Bank interest income	**9**	40
Fair value gain on contingent consideration payable	**2,054**	5,746
Gain on disposal of property, plant and equipment	**19**	–
Government grants and subsidies *(note (i))*	**–**	125
Referral fee income *(note (ii))*	**–**	1,208
Sundry income	**264**	371
	2,346	7,490

Notes:

(i) During the year ended the 31 December 2022, the Group received the government subsidies in relation to having provided maternity benefits to its employees in the PRC. The amount also included the government grants which had been received in respect of subsidy for staff costs according to the Employment Support Scheme, which was launched by The Government of the Hong Kong Special Administrative Region, and aimed to provide time limited financial support to the Group for the period from May to July 2022 to retain employees who might otherwise redundant.

There were no unfulfilled conditions or other contingencies attached to these subsidies for the year ended 31 December 2022.

(ii) During the year ended 31 December 2022, the amount of approximately RMB1,208,000 represented a one-off referral income for introducing customers to an independent third, which are engaged in tax advisory services.

5. OTHER LOSSES

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Loss on partial disposal of equity interest in an associate *(note 10 (b))*	**–**	626

6. FINANCE COSTS

	2023 *RMB'000*	2022 *RMB'000* (Re-presented)
Continuing operations		
Interest on bank and other borrowings[#]	**28,677**	38,791
Interest on convertible bonds	**–**	424
Interest on lease liabilities	**141**	150
	28,818	39,365

[#] During the year ended 31 December 2023, the amounts comprised the default interest at rates of ranging from 18.00% to 36.00% (2022: 6.53% to 36.50%) per annum accrued on the overdue outstanding balances in accordance with the corresponding loan agreements.

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2023 *RMB'000*	2022 *RMB'000* (Re-presented)
Continuing operations		
Depreciation on right-of-use assets *(note (i))*	**878**	1,323
Depreciation on property, plant and equipment *(note (i))*	**6**	14
Amortisation of intangible assets *(note (i))*	**329**	386
Employee benefit expenses (including directors' remuneration *(note (ii))*:		
– Salaries, wages and other benefits	**3,504**	4,240
– Contributions to defined contribution retirement plans	**95**	51
– Equity-settled share-based payment expenses	**–**	604
Share-based payment to the Consultants included in general and administrative expenses	**37,709**	–
Auditor's remuneration		
– audit services	**1,597**	1,380
– non-audit services	**–**	26
Impairment loss on prepayments included in general and administrative expenses	**–**	5,106

Notes:

(i) The total depreciation and amortisation of approximately RMB1,213,000 (2022: RMB1,723,000) are included in general and administrative expenses.

(ii) Employee benefit expenses (including directors' remuneration) of approximately RMB3,599,000 (2022: RMB4,895,000) are included in general and administrative expenses.

(iii) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: Nil).

8. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Current tax		
– Hong Kong Profit Tax		
– Provision for the year	**122**	–
	122	–

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
		(Re-presented)
Loss		
Loss for the year from continuing operations attributable to the owners of the Company	**(33,491)**	(50,040)
Loss for the year from discontinued operations attributable to the owners of the Company	**(110,099)**	(16,365)
Loss for the year for the purposes of basic and diluted loss per share from continuing and discontinued operations	**(143,590)**	(66,405)

Weighted average number of ordinary shares

	2023	2022
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,978,152**	1,904,636
Effect of shares repurchased, granted and held under share award scheme	**–**	(5,486)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,978,152**	1,899,150

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options 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 2023 and 2022.

10. INTERESTS IN ASSOCIATES

	2023	2022
	RMB'000	*RMB'000*
Share of net assets	**312,960**	277,013
Amount due to an associate (included in trade and other payables)	**(2,000)**	(66,221)

Details of the Group's interests in associates as at 31 December 2023, which are accounted for using equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of company	**Form of business structure**	**Place of incorporation and business**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Taizhou Medical City Yingtai Pharmaceutical Co., Ltd. 泰州醫藥城盈泰醫藥有限公司 ("**Yingtai Pharm**")* *(note (a))*	Incorporated limited liability company	The PRC	RMB100,000,000	– (2022: 40%)	– (2022: –)	– (2022: 40%)	Sales of prescription medicines and provision of consulting services
Beijing Kangchen Biological Technology Co., Limited# (北京康辰生物科技有限公司) ("**Beijing Kangchen**")* *(note (b))*	Incorporated limited liability company	The PRC	RMB100,000,000	25.3% (2022: 25.3%)	– (2022: –)	25.3% (2022: 25.3%)	Sales of prescription medicines and provision of consulting services

The English translation of the company names is for reference only. The official names of these entities are in Chinese.

* Yingtai Pharm and Beijing Kangchen are unlisted corporate entities whose shares do not have quoted market prices.

(a) On 18 September 2016, the Group entered into an investment agreement with an independent third party, namely Taizhou Medical City Ying Trading Co., Ltd. (泰州醫藥城盈商貿有限公司) ("**Taizhou Medical City**"), pursuant to which, the Group and Taizhou Medical City agreed to establish a company, Yingtai Pharm, which has registered capital of RMB100,000,000. The Group and Taizhou Medical City contributed RMB40,000,000 and RMB60,000,000 to Yingtai Pharm in which the Group and Taizhou Medical City own 40% and 60%, respectively. Since the Group has the power to appoint two directors out of five directors of the board of Yingtai Pharm, the Group can exercise significant influence over its operating and financial activities, accordingly, it is regarded as an associate of the Group using the equity accounting method. The Group injected capital of RMB12,000,000 and RMB8,000,000 to Yingtai Pharm in 2016 and 2017 respectively, while the remaining balance of RMB20,000,000 is disclosed under capital commitments as at 31 December 2022.

Following the disposal of subsidiaries as disclosed in note 17, the interest in the associate was deconsolidated in the Group's consolidated financial statements after 19 December 2023.

(b) On 21 April 2020, the Group and Beijing Konruns Pharmaceutical Co., Ltd ("**Beijing Konruns**"), an independent third party to the Group entered into an agreement, pursuant to which, the Group conditionally agreed to subscribe for 40% equity interest in Beijing Kangchen (the wholly-owned subsidiary of Beijing Konruns) at a consideration of RMB360,000,000. The transaction was completed on 23 April 2021. A business valuation of 40% equity interest of Beijing Kangchen which held 100% equity interest of NT Pharma International Company Limited since 3 September 2020 on same date was conducted by Roma Appraisals Limited, using income approach to determine the fair value of the Beijing Kangchen.

On 4 November 2021, the Group transferred 13.7% equity interest in Beijing Kangchen to Beijing Konruns.

During the year ended 31 December 2022, the Group disposed of 1% equity interest in Beijing Kangchen to an independent third party at a consideration of RMB9,000,000. A loss on partial disposal of equity interest in Beijing Kangchen of approximately RMB626,000 (note 5) was recognised in consolidated profit or loss for the year ended 31 December 2022.

As at 31 December 2023 and 2022, the Group held 25.3% equity interest of Beijing Kangchen and the directors of the Company considered that the Group can exercise significant influence over the operating and financial activities of Beijing Kangchen, and accordingly, Beijing Kangchen is regarded as an associate using the equity accounting method.

(c) Summarised financial information of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

Yingtai Pharm

	As at 19 December 2023 (Date of disposal of subsidiaries) *RMB'000*	As at 31 December 2022 *RMB'000*
Gross amounts of the associate's		
Current assets	**2,730**	10,944
Current liabilities	**–**	(8,179)
Total equity	**2,730**	2,765
Reconciliation to the Group's interest in the associate		
Carrying amount of net assets of the associate	**2,730**	2,765
Percentage of equity interest attributable to the Group	**40%**	40%
Group's share of net assets of the associate	**1,092**	1,107
Carrying amount in the consolidated financial statements	**1,092**	1,107

	Period from 1 January 2023 to 19 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Revenue	**–**	–
Loss for the year	**(35)**	(39,451)
Total comprehensive loss	**(35)**	(39,451)
Percentage of equity interest attributable to the Group	**40%**	40%
Group's share of:		
– the associate's loss for the year	**(14)**	(15,780)
– the associate's total comprehensive loss	**(14)**	(15,780)
Share of results of the associate	**(14)**	(15,780)

Beijing Kangchen

	2023	2022
	RMB'000	*RMB'000*
Gross amounts of the associate's		
Non-current assets	**1,147,995**	1,106,060
Current assets	**295,655**	230,757
Non-current liabilities	**–**	(156)
Current liabilities	**(206,658)**	(246,122)
Total equity	**1,236,992**	1,090,539
Revenue	**304,258**	312,361
Profit for the year	**146,453**	97,957
Total comprehensive income	**146,453**	97,957
Reconciliation to the Group's interest in the associate		
Carrying amount of net assets of the associate	**1,236,992**	1,090,539
Percentage of equity interest attributable to the Group	**25.3%**	25.3%
Group's share of net assets of the associate	**312,960**	275,906
Carrying amount in the consolidated financial statements	**312,960**	275,906
Group's share of:		
– the associate's profit for the year	**37,053**	24,783
– the associate's total comprehensive income	**37,053**	24,783
Share of results of the associate	**37,053**	24,783

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade and bills receivables, gross	**10,052**	42,120
Less: Allowance for expected credit loss ("**ECL**") on trade and bills receivables *(note (b))*	**–**	(8,454)
Trade and bills receivables, net *(note (a))*	**10,052**	33,666
Deposits, prepayments and other receivables *(note (c))*	**2,865**	23,519
	12,917	57,185
Less: non-current portion prepayments	**(2,160)**	–
	10,757	57,185

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 and bills receivables, net of ECL allowances, based on the invoice dates, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**–**	21,180
More than 3 months but within 6 months	**10,052**	11,367
More than 6 months but within 1 year	**–**	577
Over 1 year	**–**	542
	10,052	33,666

The Group's trading terms with its customers are mainly on credit, the credit period granted is based on the historical trading and payment records of each customer, generally not more than six months (2022: not more than six months).

Ageing analysis of trade and bills receivables, net of ECL allowances, based on the past due dates, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Neither past due nor impaired	**10,052**	9,483
Within 3 months past due	**–**	14,743
More than 3 months but within 6 months past due	**–**	8,321
More than 6 months but within 1 year past due	**–**	577
Over 1 year past due	**–**	542
	10,052	33,666

As at 31 December 2022, bank acceptance bills received amounting to approximately RMB8,729,000 were held by the Group for future settlement of trade receivables. The Group continued to recognise the full carrying amounts of the trade receivables as at 31 December 2022. All bank acceptance bills received by the Group are with a maturity period of less than six months. As at 31 December 2023, no bank acceptance bills were held by the Group.

(b) Allowance for ECL on trade receivables

The movements in allowances for ECL on trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**8,454**	636,073
Provision for allowance of ECL on trade receivables, net	**1,663**	251
Derecognised upon the Debt Restructuring	**(10,117)**	–
Amounts written-off of uncollectible	**–**	(627,870)
At 31 December	**–**	8,454

(c) Deposits, prepayments and other receivables

	2023	2022
	RMB'000	*RMB'000*
Consideration receivable *(note (i))*	**–**	7,000
VAT recoverable, net of write-off	**–**	5,449
Other receivables, net of ECL *(note (ii))*	**546**	8,332
Prepayments *(note (iii))*	**2,266**	2,216
Advances paid to suppliers	**–**	210
Rental and other deposits	**53**	312
	2,865	23,519

Notes:

(i) As at 31 December 2022, the consideration receivable represented disposal of a subsidiary in 2020. The amount was derecognised up on the date of the Debt Restructuring.

(ii) For the purpose of ECL assessment of other receivables, debtors with significant balances with gross carrying amounts of approximately RMB11,318,000 as at 31 December 2022 were assessed individually and determined to be credit impaired. These individually assessed receivables mainly comprised prepayments of promotional and other operational expenses in prior years.

(iii) The balance as at 31 December 2023 mainly included a prepayment for acquiring a medication production license which a wholly-owned subsidiary of the Company entered into a medication production agreement with a vendor which is an independent third party to the Group (the "**Vendor**") on 21 September 2023, pursuant to which the Vendor agreed to transfer a medication production license to the Group at a cash consideration of RMB3,600,000 (2022: Nil). During the year ended 31 December 2023, the Group paid 60% of the cash consideration (i.e. RMB2,160,000 (2022: Nil)) to the Vendor, while the remaining balance of RMB1,440,000 will be payable up on the Vendor obtained the permit to sale the medication on market from the relevant authority and the amount was disclosed under capital commitments as at 31 December 2023.

The balance as at 31 December 2022 mainly represented prepayments to the suppliers for the procurement of inventories and prepayments on operational expenses. During the year ended 31 December 2022, certain prepayments of approximately RMB5,106,000 were impaired and were recognised under general and administrative expenses.

12. CASH AND BANK BALANCES

	2023	2022
	RMB'000	*RMB'000*
Cash at banks and in hand	**1,520**	1,916
Restricted cash at banks *(Note)*	**–**	4,015

Note: At 31 December 2022, certain bank balances amounting to approximately RMB4,015,000 were frozen by a court due to lawsuits.

13. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables *(note (i))*	**974**	8,477
Amount due to a former subsidiary *(note (iv))*	**29,265**	29,265
Accrued staff costs	**1,555**	1,838
Accrued directors' fee	**2,862**	2,352
Accrued promotional expenses	**–**	37,714
Other tax payable	**–**	4,844
Interest payables *(note (ii))*	**101,721**	121,123
Provision for legal claims	**–**	37,011
Provision for legal claims from an associate	**–**	66,221
Other payables and accruals *(note (iii))*	**16,533**	2,955
	152,910	311,800

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

Notes:

(i) Ageing analysis of trade payables based on the invoice dates is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**–**	1,723
More than 3 months but within 6 months	**–**	19
More than 6 months but within 1 year	**974**	6,735
	974	8,477

(ii) Included in interest payables are approximately RMB1,169,000 (2022: RMB30,890,000) in relation to the other borrowings (2022: bank and other borrowings), which were overdue as at 31 December 2023. The balances as at 31 December 2023 included interest payables due to related parties amounting to approximately RMB95,687,000 (2022: RMB791,001,000).

(iii) As at 31 December 2023, the balance mainly included legal and professional fees amounted to approximately RMB11,034,000 in relation to the legal advisory fee for the Group's restructuring, accrual audit fee of approximately RMB1,471,000 and the remainings were accrued operation expenses.

As at 31 December 2022, the balance included deposits received from its distributors to maintain business relationship with the Group and accrued operation expenses such as consultation fees amounting to approximately RMB2,102,000 and RMB582,000, respectively.

(iv) The amount due is unsecured, interest free and repayable on demand as at 31 December 2023 and 2022.

14. BANK AND OTHER BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Current		
Secured bank borrowings	**–**	348,073
Secured other borrowings	**30,345**	139,983
Unsecured other borrowings		
– Other borrowings	**293,259**	295,520
– Corporate bonds	**17,104**	41,469
	340,708	825,045
Non-current		
Unsecured other borrowings		
– Corporate bonds	**3,218**	–
	343,926	825,045

15. FINANCIAL GUARANTEE CONTRACTS

According to the Debt Restructuring as disclosed in note 16, the Company has provided financial guarantees to Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("**Suzhou First Pharma**") and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 and RMB58,030,000, respectively as at the date of completion date of transfer (i.e. 1 August 2023 as disclosed in note 16).

Both lenders declared the unsettled balances to the Court and the Court ruling the approved amounts to be approximately RMB383,156,000 and RMB60,789,000, respectively on 6 July 2023.According to the Debt Restructuring proposal approved by the Court, all creditors are subject to the repayment allocations following several auctions to sell the assets of Suzhou First Pharma and its subsidiaries, which will be carried out by the Administrator.

The directors of the Company consider the Company as a guarantor will be liable on guaranteed borrowings if the repayment allocations could not fully recover the approved amounts. The Company might subject to repay the remaining unpaid balances.

As at 31 December 2023, the financial guarantee contract represented the fair value of the financial guarantee, which was determined by the management of the Company based on the fair value of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

As a result, financial guarantee contracts of approximately RMB133,008,000 and RMB37,705,000 recognised during the year ended 31 December 2023.

Up to the date of this announcement, the lenders have not taken any actions to claim the Company in respect of these financial guarantees.

Below table shown the movement of the financial guarantee contracts:

	2023 ***RMB'000***	2022 *RMB'000*
At 1 January	**–**	–
Charge to loss on Debt Restructuring *(note 16)*	**170,713**	–
At 31 December	**170,713**	–

16. DEBT RESTRUCTURING

Transfer of entire interest in a wholly-owned subsidiary, Suzhou First Pharma

On 29 August 2022, a PRC commercial bank filed a lawsuit against Suzhou First Pharma through the Court, for its non-compliance with the terms and conditions of a loan agreement. According to the statement of claim, the bank was pursuing claims against Suzhou First Pharma for the repayment of all outstanding loan principal amounts of approximately RMB160,000,000 and the relevant interest.

On 27 April 2023, the Court accepted the application of the debt restructuring (the "**Debt Restructuring**") of Suzhou First Pharma and appointed an administrator (the "**Administrator**") to execute the Debt Restructuring.

In accordance with the proposal of the Debt Restructuring, the entire shareholding of Suzhou First Pharma and relevant assets including properties, plant and equipment, land use right, intangible assets, customer list and resources and production certified are transferred to a new investor (the "**Investor**"), which is an independent third party to the Group solicited by the Administrator at a consideration of RMB1.

In addition, the Investor provided a compensation amounted to RMB355,000,000 which paid to the Administrator for the purpose of settling partial creditors' balances and other restructuring expense (e.g. audit fee, valuation fee, administration fee, etc.) (the "**First Repayment Allocation**"). After the First Repayment Allocation, Suzhou First Pharma's receivable, inventories and shareholding and the assets of its subsidiaries are subjected to auction and the consideration and its remaining cash and bank balances will be subject to the second repayment allocation (the "**Second Repayment Allocation**") to pay to the creditors.

The transfer of shares to the Investor was completed on 1 August 2023. The management considered that the Debt Restructuring proposal had not been mutually agreed and effective until the payment has been made by the Investor, the Group therefore consolidated the financial information of Suzhou First Pharma until 1 August 2023.

Suzhou First Pharma is engaged in manufacturing and sale of several branded products, comprising of: Shusi, Zhuo'ao; and others, which contributed significant portion of revenue to the Group during the year ended 31 December 2023 and the entire revenue during the year ended 31 December 2022, hence it was discontinued operations of the Group upon completion of the disposal.

The results of Suzhou First Pharma for the period from 1 January 2023 to 1 August 2023 have been presented as part of the consolidated profit or loss for the year ended 31 December 2023 from discontinued operations of the Group in the consolidated statement of profit or loss and other comprehensive income.

The comparative figures in the consolidated financial statements in respect of the preceding year have been re-presented as discontinued operations accordingly.

Statement of profit or loss of Suzhou First Pharma

	Period from 1 January 2023 to 1 August 2023 (Completion date of transfer) *RMB'000*	Year ended 31 December 2022 *RMB'000*
Revenue	**88,637**	207,092
Cost of sales	**(29,574)**	(81,806)
Gross profit	**59,063**	125,286
Other income and gain	**4,846**	116
Other losses	**(3,652)**	(6,107)
Provision for allowance of ECL on trade receivables, net	**(1,663)**	(251)
Provision for of allowance for ECL on other receivables, net	**(2,502)**	(7,398)
Selling and distribution expenses	**(12,389)**	(45,939)
General and administrative expenses	**(27,998)**	(37,593)
Finance costs	**(22,207)**	(32,370)
Loss before income tax	**(6,502)**	(4,256)
Income tax expense	**(16,859)**	(12,109)
Loss for the period/year	**(23,361)**	(16,365)
Loss on Debt Restructuring	**(86,738)**	–
Loss for the period/year from discontinued operations, net of tax	**(110,099)**	(16,365)

Loss for the period/year from the discontinued operations is arrived at after charging:

	Period from 1 January 2023 to 1 August 2023 (Completion date of transfer) *RMB'000*	Year ended 31 December 2022 *RMB'000*
Employee benefit expenses (including directors' remuneration)		
– Salaries, wages and other benefits	**8,218**	15,723
– Contributions to defined contribution retirement plans	**1,517**	3,218
	9,735	18,941
Depreciation of property, plant and equipment	**3,797**	15,597
Depreciation of right-of-use assets	**98**	2,166
Amortisation of intangible assets	**773**	1,584

Cash flows from discontinued operations for the period/year are as follows:

	Period from 1 January 2023 to 1 July 2023 (Completion date of transfer)	Year ended 31 December 2022
	RMB'000	*RMB'000*
Net cash generated from operating activities	**20,852**	28,648
Net cash used in investing activities	**(2,481)**	(4,269)
Net cash generated from financing activities	**8,638**	10,385

The analysis of assets and liabilities of Suzhou First Pharma at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	**385,083**
Interests in leasehold land held for own use	**115,998**
Intangible assets	**155,811**
Trade and other receivables	**96,415**
Inventories	**12,846**
Bank balances and cash	**9,223**
Restricted cash at banks	**4,015**
Trade and other payables	**(205,520)**
Contract liabilities	**(1,842)**
Lease liabilities	**(15)**
Bank and other borrowings	**(463,359)**
Tax payable	**(24,472)**
Deferred tax liabilities	**(77,220)**
Net assets	**6,963**
Loss on Debt Restructuring:	
Cash consideration received	**–***
Net assets deconsolidated	**6,963**
Amounts due to Suzhou First Pharma	**(90,938)**
Fair value of financial guarantee contracts recognised upon deconsolidation of Suzhou First Pharma *(note 15)*	**170,713**
Loss on Debt Restructuring	**86,738**

	RMB'000
Net cash outflow arising on the Debt Restructuring:	
Cash consideration received	**–***
Less: bank balances and cash and restricted cash at banks disposed of	**(9,223)**
	(9,223)

* *Amounts less than RMB1,000*

17. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

Disposal of subsidiaries

On 19 November 2023, the Group entered into an agreement with an independent third party, for disposal of 100% equity interests of certain wholly-owned subsidiaries, including Tai Ning Pharmaceutical (Investment) Company Limited, Farbo Investment Limited, Humford Limited, NT Pharma (Far East) Company Limited, NT Pharma (Asia) Company Limited, Goldwise Resource Ltd, NTP (China) Investment Co., Limited, Kimford Investment Limited and its subsidiaries (the "**Disposal Group**"), at a consideration of HK$1. On 19 December 2023, the disposal of subsidiaries was completed and the net liabilities of the Disposal Group at the date of disposal were as follows:

	RMB'000
Analysis of liabilities over which control was lost:	
Property, plant and equipment	**165**
Intangible assets	**1,923**
Interest in an associate	**1,092**
Other receivables and deposits	**7,166**
Bank balances and cash	**197**
Trade and other payable	**(24,204)**
Net liabilities disposal of	**(13,661)**
Gain on disposal of subsidiaries:	
Cash consideration received	**–***
Net liabilities disposal of	**(13,661)**
Exchange reserve	**1,389**
Gain on disposal	**(12,272)**
Net cash outflow arising on the disposal of subsidiaries	
Cash consideration received	**–***
Less: Cash and bank balances disposed of	**(197)**
	(197)

* *Amounts less than RMB1,000*

18. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

19. SHARE CAPITAL

Details of movements of share capital of the Company during the years ended 31 December 2023 and 2022 are as followings:

	No of shares *'000*	*RMB'000*
Ordinary shares, issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023	1,904,636	1
Issuance of shares to the Consultants *(note (ii))*	473,186	–*
Placing of shares *(note (iii))*	263,073	–*
At 31 December 2023	2,640,895	1

* *Amounts less than RMB1,000*

Notes:

(i) The Company was incorporated on 1 March 2010 with an authorised share capital of United States dollar ("**US$**") 50,100 divided into 626,250,000,000 shares of US$0.00000008 each and one share was issued at par upon incorporation.

On 5 June 2017, the authorised share capital of the Company was re-designated from US$50,100 comprising 626,250,000,000 ordinary shares of US$0.00000008 each into US$50,100 comprising (i) 625,925,000,000 ordinary shares of par value of US$0.00000008 each, and (ii) 325,000,000 redeemable convertible preference shares of par value of US$0.00000008 each with the rights, privileges and restrictions of the redeemable convertible preference shares.

(ii) During the year ended 31 December 2023, the Company has entered into two consultancy agreements (the "**Consultancy Agreements**") with two individuals (the "**Consultants**") who are independent third parties to the Group, pursuant to which the Consultants will be leading the research and development of a technology, namely monoclonal antibody i.e. Orticumab for treatment of atherosclerotic cardiovascular diseases, psoriasis, rheumatoid arthritis, systemic lupus erythematosus and calcified aortic valve diseases and they will also be leading the submission of the clinical application of monoclonal antibody with the relevant regulatory authorities.

In exchange of the consultation services, the Company agreed to issue and allot 463,722,859 and 9,463,732 shares of the Company (the "**Share Consideration**") to the Consultants. On 21 February 2023, the Share Considerations were issued to the Consultants, pursuant to the Consultancy Agreements, the Share Consideration is subjected to restriction periods to sell, transfer, pledge or otherwise dispose of, directly or indirectly, which two-third of the shares is subject to 12-month lock-up period (the "**First Lock-up Period**") from the date of issuance the shares. And the one-third of shares are subjected to 12-month lock-up period from the expiry date of the First Lock-Up Period (the "**Second Lock-up Period**"). There was no vesting period for the Share Consideration.

As a result, share-based payments to the Consultants of approximately RMB37,709,000 was recognised in consolidated profit or loss (note 7) and credited to share premium.

Details of the above are set out in the Company's announcements dated 17 May 2022, 14 June 2022, 21 June 2022, 22 August 2022 and 13 September 2022.

(iii) Pursuant to the Company's announcement dated on 1 September 2023, at the same date, the Company entered into a placing agreement (the "**Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 475,569,000 placing shares (the "**Placing Shares**") at the placing price of HK$0.05 (the "**Placing Price**") per Placing Share to not less than six placees who are professional institutional, or other investors and whose ultimate beneficial owners who are not connected person of the Company.

The Placing Shares represented approximately (a) 20.00% of the issued share capital of the Company as at 1 September 2023; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Price per Placing Share represented (i) a discount of approximately 13.8% to the closing price of HK$0.058 per Share as quoted on the Stock Exchange on 31 August 2023, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 12.3% to the average of the closing price of HK$0.057 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of Placing Agreement.

The Placing Shares were allotted and issued under the general mandate granted to the directors of the Company by the shareholders at the annual general meeting held on 30 June 2023.

Pursuant to the Company's announcement dated 21 September 2023, all the conditions set out in the Placing Agreement have been fulfilled and completion of the Placing took place on 21 September 2023. An aggregate of 263,073,000 Placing Shares were placed by the Placing Agent to not less than six placees at the Placing Price per Placing Share pursuant to the terms and conditions of the Placing Agreement dated 1 September 2023 entered into between the Company and the Placing Agent.

The net proceeds from the Placing were approximately HK$10,254,000 (equivalent to approximately RMB9,393,000), representing a net issue price of approximately HK$0.0457 per Placing Shares. The Company intends to apply the net proceeds of the placing as business development and general working capital of the Group.

Details of the above are set out in the Company's announcements dated 1 September 2023, 14 September 2023 and 21 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

NT Pharma has been operating in the field of osteopathy treatment for more than 8 years, serving more than 10,000 terminal medical institutions for various osteopathies, and has rich terminal pharmaceutical promotion, excellent team management experience and channel network resources. The deepening of the aging of my country's population will promote the development of China's orthopedics market to a certain extent, and the prospects for the future orthopedics market are very broad. The Group will seize the opportunity in the new era of the country's promotion of the development of orthopedics. From 2023, it will innovatively create a bone health **4M** (**Medicine, Multinational E-Health, Medical Device, Medical Digital Platform**) model by focusing on the company's core capabilities and resources. Establish Fuaimeng's "Specialist Orthopedic Health Platform" and vigorously develop business modules covering the supply and promotion of bone disease drugs and health products, bone disease rehabilitation management and digital medical full-process closed-loop treatment and management platform;

In 2023, the Group completed business restructuring, transitioning from heavy asset businesses to light asset industries. At the same time, it actively strengthened cost control and improved its financial condition. The overall revenue of the Group for the year ended 31 December 2023 (the "**Year under Review**") is RMB7.4 million, while no such revenue in 2022. The Group recorded a loss of RMB143.6 million for the year ended 31 December 2023, as compared with a loss of RMB66.4 million for the corresponding period in 2022, representing a decrease of 116.3% year on year. A net loss of approximately RMB33.5 million was incurred from the continuing operations for the year ended 31 December 2023, as compared with a net loss of approximately RMB50.0 million for the year ended 31 December 2022.

BUSINESS REVIEW

Due to the completion of the Group's debt restructuring, Suzhou First Pharma business has been removed from the group. Starting from 2023 year, we aim to rebuild our business with a focus on the 4M model. For the year ended 31 December 2023, the total revenue from agency services for sales of proprietary pharmaceutical products is RMB7.4 million, while no such revenue in 2022.

OUTLOOK

In 2023 the Group have develop itself into an integrated platform enterprise that covers Full Management of Osteopathic Diagnosis and Treatment. The Group has acquired certain of healthcare products or license aiming provide a variety of specialized drug combinations in the field of bone health. The platform will also provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipments and rehabilitation treatment, provide different levels of full-service medical services, and provide personalized customized medical care.

China is experiencing an unprecedented speed and scale of population aging. In 2019, the aging population in China reached 12.6%. By 2022, China will enter a deeply aging society with a proportion exceeding 14%. Around 2033, it will further transition into a super-aged society with a proportion exceeding 20%. Subsequently, the aging population will continue to rise rapidly, reaching approximately 35% by 2060. We believe that there is enormous potential in the Chinese market for osteoporosis, considering the significant number of patients resulting from this demographic trend.

Restructuring and Transformation

NT Pharma Group's investment business includes its investments in Beijing Kangchen Biological Technology Co., Limited (北京康辰生物科技有限公司) ("**Beijing Kangchen**"), a subsidiary of the A-share listed company Beijing Konruns Pharmaceutical, which started in 2021. The Group has invested RMB227.7 million with a 25.3% equity interest, and receives annual dividends exceeding RMB20 million.

NT Pharma Group has been deeply entrenched in the Chinese healthcare market for many years with its original osteological drug business, thereby amassing a large number of osteopathic patients and maintaining long-term and favorable partnerships with various hospitals and pharmacies. Following a two-year restructuring and preparation, the Group has formulated a development plan for a bone health 4M (Medicine, Multinational E-Health, Medical Device, Medical Digital Platform) model by focusing on the company's core capabilities and resources. Establish Fuaimeng's "Specialist Orthopedic Health Platform" and vigorously develop business modules covering the supply and promotion of bone disease drugs and health products, bone disease rehabilitation management and digital medical full-process closed-loop treatment and management platform;

Over the next three years, the Group will strive to complete the transformation and restructuring. Upon completion, the Group expects sales revenue exceeding RMB300.0 million from the osteological health business, and will expect changes to revenue from the main business, with significant improvements in key performance indicators and asset structure.

FINANCIAL REVIEW

Revenue

Revenue from agency services for sales of proprietary pharmaceutical products increased by RMB7.4 million to RMB7.4 million, accounting for 100% of the total revenue in the Year under Review, as compared with Nil of the Group's revenue in the corresponding period in 2022. The increase in revenue was due to the change of business model in year 2023.

Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs decrease by RMB10.5 million or 26.8% to RMB28.8 million for the year ended 31 December 2023, as compared with RMB39.4 million for the corresponding period in 2022. The decrease in finance costs was mainly due to completion of the restructuring and repayment of the loan.

Taxation

Income tax expense was RMB0.1 million for the year ended 31 December 2023 as compared with of RMB16.4 million for the corresponding period in 2022.

Total comprehensive loss Attributable to the Owners of the Company

Total comprehensive loss attributable to the owners of the Company from continuing operatings, for the year ended 31 December 2023 was RMB36.3 million as compared with RMB58.3 million for the corresponding period in 2022. Both the basic and diluted loss per share for the year ended 31 December 2023 were RMB1.69 cents as compared with RMB2.63 cents for the year ended 31 December 2022.

Capital Expenditure

Total capital expenditure spent for the year ended 31 December 2023 decreased by RMB2.3 million to RMB2.2 million, as compared with RMB4.5 million for the corresponding period in 2022, which was mainly used for acquiring a production license of medication.

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 in RMB, US$ and HK$, certain bank deposits and bank loans which are denominated in US$ and HK$. The Group has no exchange gain for the year ended 31 December 2023 and 2022. 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 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	
	2023	2022
	RMB'000	*RMB'000*
Total debt	**515,655**	826,454
Less: cash and bank balances	**(1,520)**	(5,931)
Net debt	**514,135**	820,523

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Repayable:		
– Within one year	**340,708**	825,045
– After one but within two years	**3,218**	–
	343,926	825,045

As at 31 December 2022, the Group's bank borrowings amounted to approximately RMB348.1 million, all these bank borrowings were overdue, which subjected to fixed default rates of 6.53% per annum in accordance to the banking facilities. All bank borrowings were derecognised following the Debt Restructuring.

As at 31 December 2023, the Group had other borrowings of RMB346.0 million (2022: RMB477 million), which carried a weighted average interest rate at 8.89% (2022: 8.10%).

Financial Guarantee Contracts

According to the Debt Restructuring as disclosed in note 16, the Company has provided financial guarantees to Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("**Suzhou First Pharma**") and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348.1 million and RMB58.0 million, respectively as at the date of completion date of transfer (i.e. 1 August 2023).

Both lenders declared the unsettled balances to the Court and the Court ruling the approved amounts to be approximately RMB383.2 million and RMB60.8 million, respectively on 6 July 2023.According to the Debt Restructuring proposal approved by the Court, all creditors are subject to the repayment allocations following several auctions to sell the assets of Suzhou First Pharma and its subsidiaries, which will be carried out by the Administrator.

The directors of the Company consider the Company as a guarantor will be liable on guaranteed borrowings if the repayment allocations could not fully recover the approved amounts. The Company might subject to repay the remaining unpaid balances.

As at 31 December 2023, the financial guarantee contract represented the fair value of the financial guarantee, which was determined by the management of the Company based on the fair value of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

As a result, financial guarantee contracts of approximately RMB133.0 million and RMB37.7 million recognised during the year ended 31 December 2023.

Up to the date of this announcement, the lenders have not taken any actions to claim the Company in respect of these financial guarantees.

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	
	2023	2022
	RMB'000	*RMB'000*
Total debts	**515,655**	826,454
Total assets	**329,122**	1,005,718
Debt-to-assets ratio	**156.68%**	82.2%

Capital Commitments

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contracted but not provided for		
– investment in associates	**–**	20,000
– acquisition of a production license of a medication	**1,440**	–

As at 31 December 2023, the Group had no future minimum lease payments under non-cancellable operating leases payable.

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 2023.

Material Acquisition and Disposal

On 27 April 2023, the Court accepted the application of the debt restructuring (the "**Debt Restructuring**") of Suzhou First Pharma and appointed an administrator (the "**Administrator**") to execute the debt restructuring. In accordance with the proposal of the Debt Restructuring, the entire shareholding of Suzhou First Pharma and relevant assets including properties, plant and equipment, land use right, intangible assets, customer list and resources, goodwill and production certified are transferred to a new investor (the "**Investor**"), which is an independent third party to the Group at a consideration of RMB1.

On 19 Novemeber 2023, the Group entered into an agreement with an independent third party, for disposal of 100% equity interests of certain wholly-owned subsidiaries at a consideration of HK$1. The disposal of subsidiaries was completed on 19 December 2023.

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

Contingent Liabilities

(a) On 5 January 2021, a customer of the Group as the plaintiff, filed a legal proceeding against certain wholly-owned subsidiaries of the Company, including Suzhou First Pharma and Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司) as defendants in 北京市東城區人民法院 in respect of overdue promotional service charges of approximately RMB24,455,000, and a related expense of approximately RMB12,000.

On 9 September 2021, 北京市東城區人民法院 ordered the defendants to repay the overdue promotional service charges and the related expense, totaling approximately RMB24,467,000 as well as the related legal costs and accrued interests thereon, which the interest rate in accordance with tripled of the loan prime rate issued by National Interbank Loans Center.

The amounts were not settled in full as at 31 December 2022. Accordingly, a further provision of approximately RMB3,560,000 was recognised in consolidated profit or loss. As at 31 December 2022, the relevant provision for legal claim of approximately RMB37,011,000 was under trade and other payables.

This litigation has been derecognised followed by the Debt Restructuring of Suzhou First Pharma.

(b) On 24 August 2021, a writ of summons was issued by a former associate of the Group, Yingtai Pharm, as plaintiff, against certain wholly-owned subsidiaries of the Company, including NT (BJ) Pharma Technology, NT Biopharmaceuticals Jiangsu and Suzhou First Pharma, collectively as defendants. The plaintiff claimed for the outstanding promotional service fees and accrued interests in the total amount of approximately RMB68,231,000. The Group 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 and ordered that the defendants were required to pay a sum of approximately RMB63,700,000 plus related costs of approximately RMB4,531,000. Accordingly, a provision for legal claims from an associate amounting to approximately RMB22,157,000 was recognised in consolidated profit or loss in 2021.

On 22 February 2022, 江蘇省泰州市中級人民法院 held a mediation amongst the plaintiff and the defendants, both parties agreed that the defendant would repay the amount of approximately RMB68,231,000, while the plaintiff has rights to charge interest in accordance with the loan prime rate (one year) issued by National Interbank Loans Center until the amount is fully repaid by the defendant.

As at 31 December 2022, the Group has not made any repayment to the plaintiff and the further provision of approximately RMB2,490,000 was recognised in consolidated profit or loss regarding the interest on the unpaid sum expense for the year ended 31 December 2022.

As at 31 December 2022, the relevant provision of legal claims amounted to approximately RMB66,221,000 and was included in trade and other payables.

This litigation has been derecognised followed by the Debt Restructuring of Suzhou First Pharma.

(c) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against certain wholly-owned subsidiaries, Suzhou First Pharma, 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 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 engaged a competent legal adviser to act for its interest in respect of the litigation.

On 28 October 2021, the plaintiff and the defendants, reached a mediation that the claimed principal amount and related expenses were approximately RMB31,400,000 and RMB4,211,000 which shall be repaid in accordance with the revised and extended schedule to December 2022. As at 31 December 2022, the outstanding principal was approximately RMB9,519,000.

This litigation has been derecognised followed by the Debt Restructuring of Suzhou First Pharma.

(d) On 6 December 2021, a PRC subsidiary, NT Biopharmaceuticals Jiangsu was served by a writ of summons in 蘇州工業園區人民法院 by a bank in the PRC, for its non-compliance to the terms and conditions of a loan agreement. According to the statement of claim, the bank was pursuing claims against NT Biopharmaceuticals Jiangsu for an immediate repayment of all outstanding loan principal and interest amounted to approximately RMB90,448,000,000 and RMB10,552,000, respectively, together with the default interest. During the year ended 31 December 2022, the Group repaid principal amount of approximately RMB21,375,000 and the outstanding principal amounted to approximately RMB69,073,000 as at 31 December 2022.

At 31 December 2022, the certain bank balances amounted to approximately RMB4,015,000 were frozen by a court order due to lawsuits.

The Group engaged a competent legal adviser to act for its interest in respect of the litigation. NT Biopharmaceuticals Jiangsu has continued to negotiate with the bank to restructure the due bank borrowings, together with the default interest, with extension of maturity and revised repayment schedule.

This litigation has been derecognised followed by the Debt Restructuring of Suzhou First Pharma.

HUMAN RESOURCES

As at 31 December 2023, the Group had 16 full-time employees (2022: 8 full-time employees). For the year ended 31 December 2023, the Group's total cost on remuneration, welfare and social security amounted to RMB3.6 million (2022: RMB4.9 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 adopted by the Company on 22 September 2014, and a 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 2023.

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 2023.

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 two executive Directors, two non-executive Director and three independent non-executive Directors, with the independent non-executive Directors representing 43% 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 (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 2023. 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 2023 (2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

No material events occurred subsequent to 31 December 2023 which may have a significant effect on the assets and liabilities or future operations of the Group.

REVIEW OF AUDITED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ng Ming Kwan, 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 2023 and has recommended its adoption by the Board.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income and the related notes to the consolidated financial statements thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's independent auditor, Moore CPA Limited (formerly known as Moore Stephens CPA Limited), to the amounts as set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Moore CPA Limited 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 opinion or assurance conclusion has been expressed by Moore CPA Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Group:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB33,491,000 from its continuing operations for the year ended 31 December 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB652,810,000 and RMB339,565,000, respectively. The Group's total borrowings amounted to approximately RMB343,926,000, of which approximately RMB21,701,000, RMB286,087,000 and RMB32,920,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2023, respectively, while the Group's total cash and bank balances amounted to approximately RMB1,520,000 as at 31 December 2023, details are set out in note 2. In addition, the Group is liable for two unsettled loans from its former subsidiaries due to financial guarantee contracts which amounting to approximately RMB170,713,000.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in note 2 to the consolidated financial statements, in view of the above circumstances, the directors of the Company have prepared a cash flow forecast of the Group based on certain major assumptions, including but not limited to the following:

(i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default;

(ii) Successful develop itself into an integrated platform enterprise that covers Full Management of Bone Health and expand its market share;

(iii) Successful obtaining new sources of financing to repay such borrowings upon the due date; and

(iv) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the above measures and plans will be successfully implemented, which are subject to uncertainties. We are unable to obtain sufficient appropriate evidence to satisfy ourselves whether the assumptions adopted by the Company to prepare the consolidated financial statements on a going concern basis as described above and there are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support the above plans and measures can be successfully implemented, as a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

ACTION PLAN TO ADDRESS DISCLAIMER OPINION

The auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2023 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 has been actively negotiating with lenders for renewal and extension of 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 will develop itself into an integrated platform enterprise that covers Full Management of Bone Health. Subsequently the year end 31 December 2023, the Group has acquired certain of healthcare products or license aiming provide a variety of specialized drug combinations in the field of bone health. The platform will also provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipment and rehabilitation treatment, provide different levels of full-service medical services, and provide personalized customized medical care;

(iii) 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

(iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital.

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 during the financial year ending 31 December 2024.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OPINION

The Audit Committee has reviewed and agreed with the views and concerns of the independent auditor with respect to the disclaimer opinion on the consolidated financial statements of the Group for the year ended 31 December 2023. 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 2023. Accordingly, the consolidated financial statements for the year ended 31 December 2023 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 disclaimer opinion in the next financial year.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the auditor, as the disclaimer opinion relates to the Company's ability to continue as a going concern, in preparing the financial statements for the year ending 31 December 2024, 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 2024. The Board will provide sufficient appropriate audit evidence to the auditor 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, the auditor determine whether the audit evidence is sufficient and any 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 2024 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 2024.

Because of the foregoing, as at the date of this announcement, the auditor is unable to confirm whether the disclaimer opinion will be removed for the annual results for the year ending 31 December 2024. However, assuming all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence would be 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 2024 will be free of the disclaimer opinion.

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 30 April 2024.

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, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Ng Tit and Ms. Ng Anna Ching Mei; the non-executive Director is Dr. Qian Wei and Ms. Chin Yu; and the independent non-executive Directors are Mr. Tze Shan Hailson Yu, Mr. Ng Ming Kwan and Dr. Zhao Yubiao.