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中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01011)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

The overall revenue from continuing operations of the Group for the year ended 31 December 2017 increased by RMB245.2 million or 68.2% to RMB604.8 million, as compared with RMB359.6 million for the previous year.

Profit from continuing operations for the year ended 31 December 2017 improved significantly, amounting to RMB269.6 million, as compared with a profit from continuing operations of RMB64.6 million for the previous year. The improvement in operating result was mainly due to increase of contribution from higher margin products, such as Miacalcic, Xi Di Ke and Shusi. Profit for the year from continuing operations in 2017 also increased by 752.2% from RMB24.7 million to RMB210.5 million.

As a result of the improved operating result, the Group reported a net profit attributable to equity holders of the Company of RMB165.2 million for the year ended 31 December 2017, as compared with a net profit attributable to equity holders of the Company of RMB116.2 million for the previous year, representing a significant increase of 42.2% year on year.

Basic earnings per share was RMB10.72 cents for the year ended 31 December 2017, as compared to basic earnings per share of RMB7.46 cents for the year ended 31 December 2016.

Due to the satisfactory results, the Board recommended payment of a final dividend of HK3.5 cents per share for the year ended 31 December 2017, representing an increase of 40% as compared with the final dividend of HK2.5 cent per share for the corresponding period last year.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China NT Pharma Group Company Limited (the "**Company**" or "**NT Pharma**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Note	**2017** *RMB'000*	2016 *RMB'000* (Restated)
Continuing operations			
Revenue	*3*	**604,846**	359,609
Cost of sales		**(120,611)**	(105,776)
Gross profit		**484,235**	253,833
Other revenue	*4*	**22,269**	4,757
Other net loss	*5(c)*	**(2,320)**	(2,005)
Gain on disposal of investment property		**7,652**	–
Impairment of trade receivables		**(7,050)**	–
Reversal of impairment of trade receivables		**–**	3,420
Impairment of other receivables		**(569)**	–
Fair value change on financial liabilities at fair value through profit or loss		**9,050**	–
Selling and distribution expenses		**(91,852)**	(106,866)
Administrative expenses		**(151,837)**	(88,564)
Profit from operations		**269,578**	64,575
Finance costs	*5(a)*	**(43,150)**	(29,032)
Profit before taxation	*5*	**226,428**	35,543
Income tax expense	*6*	**(15,883)**	(10,843)
Profit for the year from continuing operations		**210,545**	24,700
Discontinued operation			
(Loss)/profit for the year from discontinued operation	*7*	**(48,916)**	91,060
Profit for the year		**161,629**	115,760
Attributable to:			
Equity holders of the Company		**165,195**	116,181
Non-controlling interests		**(3,566)**	(421)
Profit for the year		**161,629**	115,760

	Note	2017 RMB'000	2016 RMB'000 (Restated)
Profit attributable to owners of the Company arises from:			
Continuing operations		**214,111**	25,121
Discontinued operation		**(48,916)**	91,060
		165,195	116,181
Earnings per share			
From continuing and discontinued operations			
Basic	*8*	**10.72 cents**	7.46 cents
Diluted	*8*	**9.12 cents**	7.42 cents
From continuing operations			
Basic	*8*	**13.89 cents**	1.61 cents
Diluted	*8*	**11.98 cents**	1.60 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**161,629**	115,760
Items that will not be reclassified to profit or loss:		
Revaluation surplus on transfer of owner-occupied property to investment property	**–**	18,032
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC")	**(43,808)**	18,365
Total comprehensive income for the year	**117,821**	152,157
Attributable to:		
Equity holders of the Company	**121,387**	152,578
Non-controlling interests	**(3,566)**	(421)
	117,821	152,157
Total comprehensive income for the year attributable to owners of the Company arises from:		
Continuing operations	**170,303**	61,518
Discontinued operation	**(48,916)**	91,060
	121,387	152,578

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**250,355**	266,625
– Interests in leasehold land held for own use under operating leases		**41,985**	42,975
– Investment property		**–**	42,131
		292,340	351,731
Intangible assets		**1,301,926**	1,156,700
Goodwill		**–**	–
Interest in an associate, net		**18,892**	11,969
Available-for-sale financial asset		**533**	–
Deferred tax assets		**56,885**	57,745
		1,670,576	1,578,145
Current assets			
Inventories		**65,313**	167,062
Trade and other receivables	*10*	**811,792**	594,908
Pledged bank deposits		**65,170**	133,000
Cash and cash equivalents		**146,868**	89,624
		1,089,143	984,594
Current liabilities			
Trade and other payables	*11*	**509,839**	449,027
Bank and other borrowings	*12*	**656,055**	892,449
Financial liabilities at fair value through profit or loss		**7,095**	–
Current taxation		**34,014**	26,103
		1,207,003	1,367,579
Net current liabilities		**(117,860)**	(382,985)
Total assets		**2,759,719**	2,562,739

	Note	2017 RMB'000	2016 RMB'000
Total assets less current liabilities		**1,552,716**	1,195,160
Non-current liabilities			
Considerations payable		**–**	156,138
Financial liabilities at fair value through profit or loss		**123,963**	–
		123,963	156,138
NET ASSETS		**1,428,753**	1,039,022
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**1,420,379**	1,027,082
Total equity attributable to equity holders of the Company		**1,420,380**	1,027,083
Non-controlling interests		**8,373**	11,939
TOTAL EQUITY		**1,428,753**	1,039,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 ("PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in the PRC where the majority of the entities within the Group operate (i.e. the Group's functional currency).

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 new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) 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 and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis.

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.

Going Concern basis

At 31 December 2017, the Group's current liabilities exceeded current assets by approximately RMB117,860,000 which included, as disclosed in note 12 below, approximately RMB218,291,000 in respect of the non-current portions of long-term borrowings that contained a demand clause for immediate repayment at the discretion of the banks under the underlying loan agreements. During the year ended 31 December 2017 and up to the date of approval for the consolidated financial statements, there are no breaches on any of covenants of the relevant loan agreements. Notwithstanding the demand clause for immediate repayment in the bank loan agreements, the Company considered that the banks will not exercise their discretionary rights to demand immediate repayment of these non-current portions of these long-term borrowings in the next twelve months from the date of approval of the consolidated financial statements and before their maturities.

The consolidated financial statements have been prepared on the assumption that the Group will be able to operate as a going concern in the foreseeable future, after taking into consideration of (a) unused and available credit facilities of approximately RMB142 million, (b) new bank loans of approximately RMB28.5 million subsequently obtained from banks up to the date of approval for the consolidated financial statements, (c) additional new credit facilities and/or financial arrangements which are currently under serious and advanced stage of discussions between the Group and certain financial institutions, and (d) continuing financial support from a substantial shareholder of the Company who has agreed to provide adequate funds to the Group to enable it to meet its debts as and when they fall due in the foreseeable future.

Management of the Company has prepared a cash flow forecast of the Group for a period covered not less than twelve months from date of approval for the consolidated financial statements. Based on the forecast which has taken into account of the Group's available credit facilities and the above measures taken to date, management of the Company 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 after having taken into account of the Group's projected cash flows, current financial resources, existing and new credit facilities, the financial support from a substantial shareholder of the Company and the future capital expenditure requirements. Accordingly, the consolidated financial statements have been prepared for the year 31 December 2017 on a going concern basis.

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure will be included in annual report to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective for annual periods beginning on or after a date to be determined*

[4] *Effective for annual periods beginning on or after 1 January 2021*

3. REVENUE

The principal activities of the Group are research and development, manufacturing, sales and distribution of pharmaceutical products and provision of marketing and promotion services to suppliers.

The amount of each significant category of revenue is as follows:

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Revenue from:		
Proprietary Sales of pharmaceutical products	**372,455**	313,782
Miacalcic		
– Sales of injectable products	**97,220**	–
– Sub-licensing fee income *(note 15)*	**135,171**	45,827
	604,846	359,609

Sales of pharmaceutical products are derived from selling pharmaceutical products through the Group's two reportable segments as discussed in note 9.

4. OTHER REVENUE

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Bank interest income	**94**	2,569
Government grant and subsidy income	**14,438**	–
Sundry income	**7,737**	2,188
	22,269	4,757

Government grant and subsidy income were received from the local government authorities in the PRC. There are no conditions attached to the grant and subsidies received by the Group.

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
(a) Finance costs:		
Interest on bank and other borrowings	**42,720**	23,467
Interest on unsecured debentures	**–**	4,269
Bank charges	**430**	1,296
	43,150	29,032

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
(b) Staff costs		
Contributions to defined contribution retirement plans	**14,115**	6,821
Salaries, wages and other benefits	**84,984**	46,720
Equity-settled share-based payment expenses	**7,397**	2,625
	106,496	56,166

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% (2016: 15% to 21%) 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% (2016: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2016: 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	
		2017	2016
		RMB'000	*RMB'000*
			(Restated)
(c)	**Other net loss**		
	Net loss on disposal of property, plant and equipment	**388**	1,388
	Net exchange loss	**1,932**	617
		2,320	2,005

			Continuing operations	
			2017	2016
		Note	***RMB'000***	*RMB'000*
				(Restated)
(d)	**Other items**			
	Depreciation of property, plant and equipment		**19,842**	15,054
	Amortisation of lease prepayments		**990**	477
	Amortisation of intangible assets		**11,404**	5,390
	Impairment loss of trade receivables		**7,050**	–
	Impairment loss of other receivables		**569**	–
	Loss on disposal of property, plant and equipment		**388**	1,388
	Loss on disposal of intangible assets		**–**	7,493
	Auditors' remuneration:			
	– audit services		**1,627**	1,643
	– under provision in prior year		**23**	69
	– non-audit services		**17**	246
	Operating lease charges in respect of properties		**13,508**	7,890
	Reversal of impairment of trade receivables		**–**	(3,420)
	Research and development costs		**8,415**	6,911

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current tax – PRC Income Tax		
Provision for the year	**21,270**	10,430
(Over)/under provision in respect of prior years	**(6,247)**	413
	15,023	10,843
Deferred tax		
Origination and reversal of temporary differences	**860**	–
Income tax expense	**15,883**	10,843

7. DISCONTINUED OPERATION

On 15 December 2017, the Company and Shanghai Fudan-Zhangjiang Bio Pharmaceutical ("FDZH") entered into the termination of sales and promotion agreement. With effect from December 2017, the Group ceased this third party pharmaceutical promotion and sales in the PRC, which was classified as discontinued operation.

The results of the discontinued operation included in the profit for the year are set out below. The comparative profit and cash flows from the discontinued operation have been re-presented to include the operation classified as discontinued in the current year. The comparative consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

	2017	2016
	RMB'000	*RMB'000*
Profit for the year from discontinued operation:		
Revenue	**277,062**	555,510
Cost of sales	**(126,028)**	(315,714)
Gross profit	**151,034**	239,796
Other revenue	**1,865**	5,304
Other net loss	**–**	(11,013)
Penalty	**(11,607)**	–
Provision for litigation	**(20,000)**	–
Net gain on disposal of property, plant and equipment	**136**	–
Share of loss of an associate	**(1,077)**	(31)
Impairment of trade and other receivables	**–**	(20,763)
Reversal of impairment of trade and other receivables	**2,520**	23,853
Selling and distribution expenses	**(102,198)**	(94,581)
Administrative expenses	**(69,589)**	(21,505)
Profit before taxation	**(48,916)**	121,060
Income tax (deferred tax)	**–**	(30,000)
(Loss)/profit for the year from discontinued operation	**(48,916)**	91,060
Profit for the year from discontinued operation include the following:		
Contributions to defined contribution retirement plans	**1,284**	1,699
Salaries, wages and other benefits	**5,092**	6,740
Equity-settled share-base payments	**–**	–
Total staff costs	**6,376**	8,439
Depreciation and amortisation	**2,185**	18,172
Impairment loss of trade receivables	**–**	(20,222)
Impairment loss of other receivables	**–**	(541)
Reversal of impairment loss of trade and other receivables	**2,520**	23,853
Earnings per share		
Basic, from discontinued operation	**(3.17) cents**	5.85 cents
Diluted, from discontinued operation	**(2.86) cents**	5.82 cents

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held for the Share Award Scheme:

	2017	2016
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**214,111**	25,121
(Loss)/profit from discontinued operation attributable to owners of the Company	**(48,916)**	91,060
	165,195	116,181

Weighted average number of ordinary shares (basic)

	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**1,558,248**	1,557,998
Effect of shares repurchased, awarded and held under Share Award Scheme	**(16,943)**	–
Effect of share options exercised	**239**	60
At 31 December	**1,541,544**	1,558,058

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company and adjusted for the fair value gain recognised on the financial liabilities at fair value through profit or loss. The weighted average number of ordinary shares as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all diluted potential ordinary shares into ordinary shares.

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company	**214,111**	25,121
Fair value change on financial liabilities at fair value through profit or loss	**(9,050)**	–
Profit used to determine diluted earnings per share	**205,061**	25,121
(Loss)/profit from discontinued operation attributable to owners of the Company	**(48,916)**	91,060
	156,145	116,181

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares as at 31 December	**1,541,544**	1,558,058
Effect of deemed issue of ordinary shares under the Company's share option schemes	**7,040**	8,488
Effect of conversion of convertible preference shares	**163,072**	–
At 31 December	**1,711,656**	1,566,546

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 three reportable segments:

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

– Miacalcic: revenue from selling and marketing Miacalcic branded products for treatment of bone pain caused by osteolysis and lower bone mass, osteoporosis, Paget's disease, hypercalcemia and reflex sympathetic dystrophy syndrome and sub-licensing of intellectual property rights and distribution rights of Miacalcic.

In December 2017, as disclosed in note 7, the third-party pharmaceutical promotion and sales segment had been ceased and discontinued.

(a) Segment results, assets and liabilities

For the purposes 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 the 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 expenses 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.

Segment results represent profit or loss attributable to the segment without allocation of 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 2017 and 2016 is set out below.

Continuing operations

	Proprietary products production and sales		Miacalcic		Total	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue from external customers	**372,455**	313,782	**232,391**	45,827	**604,846**	359,609
Reportable segment gross profit	**279,716**	208,006	**204,519**	45,827	**484,235**	253,833
Reportable segment results	**134,615**	59,917	**166,084**	45,365	**300,699**	105,282
Other Revenue:						
– Government subsidiary	**14,438**	–	**–**	–	**14,438**	–
– Sundry net income	**7,737**	2,188	**–**	–	**7,737**	2,188
Other net loss:						
– Loss on disposal of fixed assets	**(388)**	(1,388)	**–**	–	**(388)**	(1,388)
Fair value change on financial liabilities at fair value through profit or loss	**–**	–	**9,050**	–	**9,050**	–
Depreciation and amortisation	**(28,835)**	(18,172)	**–**	–	**(28,835)**	(18,172)
Impairment loss on trade receivables	**(7,050)**	–	**–**	–	**(7,050)**	–
Reversal of impairment of trade receivables	**–**	3,420	**–**	–	**–**	3,420
Impairment loss of other receivables	**(569)**	–	**–**	–	**(569)**	–
Report segment assets	**1,021,352**	648,042	**1,204,917**	1,056,700	**2,226,269**	1,704,742
Additions to non-current segment assets during the year	**4,426**	9,073	**226,873**	1,030,648	**231,299**	1,039,721
Reportable segment liabilities	**687,227**	263,283	**573,317**	821,252	**1,260,544**	1,084,535
Reportable segment capital commitments	**484**	474	**–**	450,905	**484**	451,379

(b) Reconciliations of reportable segment revenue and profit or loss

	Continuing operations	
	2017	2016
	RMB'000	*RMB'000*
Revenue		
Reportable segment total revenue and consolidated revenue	**604,846**	359,609
Profit		
Reportable segment operating profit	**300,699**	105,282
Unallocated head office and corporate expenses	**(36,935)**	(42,659)
Other revenue – unallocated	**94**	2,569
Other net loss – unallocated	**(1,932)**	(617)
Gain on disposal of investment property	**7,652**	–
Finance costs	**(43,150)**	(29,032)
Consolidated profit before taxation (continuing operations)	**226,428**	35,543
Assets		
Reportable segment assets	**2,226,269**	1,704,742
Assets relating to discontinued operation	**466,791**	781,758
Unallocated head office and corporate assets	**66,659**	76,239
Consolidated total assets	**2,759,719**	2,562,739
Liabilities		
Reportable segment liabilities	**1,260,544**	1,084,535
Liabilities relating to discontinued operation	**65,277**	425,187
Unallocated head office and corporate liabilities	**5,145**	13,995
Consolidated total liabilities	**1,330,966**	1,523,717

(c) Geographic information

The following table set 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*			
	2017		2016		**2017**		2016	
	Continuing operations *RMB'000*	**Discontinued operation** *RMB'000*	Continuing operations *RMB'000*	Discontinued operation *RMB'000*	**Continuing operations** *RMB'000*	**Discontinued operation** *RMB'000*	Continuing operations *RMB'000*	Discontinued operation *RMB'000*
PRC	**571,024**	**277,062**	349,344	555,510	**1,590,548**	**20,458**	1,426,532	49,044
Hong Kong	**–**	**–**	–	–	**2,152**	**–**	44,824	–
Other countries	**33,822**	**–**	10,265	–	**–**	**–**	–	–
	604,846	**277,062**	359,609	555,510	**1,592,700**	**20,458**	1,471,356	49,044

* Excluding deferred tax assets and available-for-sale financial assets of RMB56,885,000 (2016: RMB57,745,000) and RMB533,000 (2016: Nil) which were related to operation in the PRC and Hong Kong, respectively.

(d) Information from major customers

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

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Customer A	**184,292**	102,503
Customer B	**135,172**	45,827
Discontinued operation		
Customer C	**112,800**	N/A
Customer D	**93,412**	230,953
Customer E	**N/A**	301,592

N/A – not applicable

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade debtors and bills receivable	**1,270,563**	1,074,489
Less: Allowance for doubtful debts *(note (b))*	**(618,457)**	(612,957)
	652,106	461,532
Deposits, prepayments and other receivables *(note (d))*	**159,686**	133,376
	811,792	594,908

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 receivable (net of allowance for doubtful debts), based on the billing date of invoice, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**221,542**	285,185
More than 3 months but within 6 months	**19,098**	73,295
More than 6 months but within 1 year	**263,294**	70,219
More than 1 year but within 2 years	**148,172**	32,833
More than 2 years	**–**	–
	652,106	461,532

Ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), based on payment due date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Not past due	**190,372**	198,306
Less than 3 months past due	**49,935**	159,288
More than 3 months but less than 6 months past due	**218,677**	49,844
More than 6 months but less than 1 year past due	**50,757**	47,293
More than 1 year but less than 2 years past due	**142,365**	6,801
More than 2 years	**–**	–
	652,106	461,532

Trade debtors are normally due within 60 to 180 days from the date of billing. All these trade debtors are related to non-vaccine business.

(b) Impairment of trade debtors

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

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**612,957**	620,008
Impairment loss recognised during the year	**7,050**	20,222
Reversal of impairment	**(1,550)**	(27,273)
At 31 December	**618,457**	612,957
Analysis of allowance for impairment of trade debtors at 31 December:		
Vaccine*	**566,332**	566,332
Non-vaccine	**52,125**	46,625
	618,457	612,957

* The business of third-party vaccine and pharmaceuticals had been discontinued in 2015 and all the related trade receivables had been fully impaired at both reporting period ends.

Impairment losses in respect of trade debtors and bills receivable was 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 trade debtors and bills receivable directly.

As at 31 December 2017, the Group performed an individual credit evaluation on all vaccine debtors. These evaluations considered the debtor's background, financial strengths, repayment status during and after 2017, and other specific circumstances with the debtors. As a result of the evaluation exercise based on the information available and current circumstances at 31 December 2017, the Group recorded impairment provision of RMB566,332,000 (2016: RMB566,332,000) against the gross receivables balance from customers of the vaccine business which were overdue for more than one year and brought forward from previous years, and a reversal of impairment of Nil (2016: RMB2,371,000) was credited to the consolidated income statement for the year ended 31 December 2017. In respect of non-vaccine business related trade receivables, allowance for doubtful debts of RMB52,125,000 (2016: RMB46,625,000) was recognised against the gross receivable balance of RMB704,231,000 (2016: RMB508,157,000) as at 31 December 2017, resulting in a reversal of impairment of non-vaccine trade receivables of RMB1,550,000 (2016: RMB24,902,000) for the year ended 31 December 2017.

As at 31 December 2017, the Group's trade debtors and bill receivables of RMB618,457,000 (2016: RMB612,957,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts of RMB7,050,000 (2016: RMB20,222,000) was recognised and charged to the consolidated income statement for the year ended 31 December 2017.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**190,372**	198,306
Less than 3 months past due	**49,935**	81,489
More than 3 months but less than 6 months past due	**218,620**	49,717
More than 6 months past due	**184,189**	52,000
	452,744	183,206
	643,116	381,512

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables that were past due but not impaired included balances of RMB452,744,000 (2016: RMB183,206,000) in respect of non-vaccine business. These non-vaccine receivables relate to a number of independent customers that have demonstrated a consistent track record of repayment with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been any significant change in their credit quality and the balances are still considered to be fully recoverable. The non-vaccine receivables that were past due but not impaired represent management's assessment of the recoverability of the individual balances based on information available and current circumstances.

The Group does not hold any collateral over non-vaccine related receivable balances.

(d) Deposits, prepayments and other receivables

	2017	2016
	RMB'000	*RMB'000*
VAT recoverable	**35,360**	60,980
Other receivables, net of allowance for impairment loss *(note below)*	**13,483**	10,118
Prepayments	**12,310**	21,636
Prepayments for purchase of goods	**88,000**	30,226
Advances paid to suppliers	**3,419**	5,277
Rental and other deposits	**7,114**	5,139
	159,686	133,376

Note:

At the reporting end, allowance for impairment loss on other receivables amounted to RMB36,417,000 (2016: RMB36,818,000).

11. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade creditors	**15,875**	24,628
Bills payable *(note (a))*	**115,895**	40,000
Total trade creditors and bills payable *(note (b))*	**131,770**	64,628
Receipts in advance from customers	**12,573**	7,914
Accrued promotional expenses	**17,563**	81,953
Accrued staff costs	**3,109**	2,191
Considerations payable *(note 13)*	**223,712**	188,156
Other payables and accruals	**121,112**	104,185
	509,839	449,027

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

Notes:

(a) As at 31 December 2017, bills payable of RMB115,895,000 were secured by the bank deposits of RMB65,000,000. At 31 December 2016, bills payable of RMB40,000,000 were secured by the bank deposits of RMB20,000,000.

(b) Ageing analysis of trade creditors and bills payable based on the billing date of invoices is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**124,136**	56,738
More than 3 months but within 6 months	**4,989**	2,816
More than 6 months but within 1 year	**246**	2,011
More than 1 year	**2,399**	3,063
	131,770	64,628

12. BANK AND OTHER BORROWINGS

Details of bank and other borrowings are as follows:

	2017	2016
	RMB'000	*RMB'000*
Banks borrowings	**656,055**	703,466
Other borrowings	**–**	188,983
	656,055	892,449
Secured	**656,055**	803,466
Unsecured	**–**	88,983
	656,055	892,449

	2017	2016
	RMB'000	*RMB'000*
Carrying amount payable:		
– Within one year	**437,764**	497,596
– After one but within two years	**65,764**	155,565
– After two but within five years	**152,527**	232,958
– Over five years	**–**	6,330
Total borrowings	**656,055**	892,449
Less: Current loans portion of borrowings due for repayment within one year	**(437,764)**	(497,596)
Non-current portion of borrowings subject to immediate demand repayment clause	**(218,291)**	(394,853)
Non-current borrowings	**–**	–

(i) Certain of the Group's bank loan facilities are subject to the fulfillment of covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable immediately. The Group regularly monitors its compliance with these covenants. During the year end at 31 December 2017 and up to date of approval for consolidated financial statements, there was no breach of covenants.

(ii) As at 31 December 2017, the Group had banking and other loan facilities of RMB839,000,000 (2016: RMB827,429,000), which were utilised to the extent of RMB697,000,000 (2016: RMB678,391,000). The banking and other loan facilities were secured by certain assets of the Group as set out below:

	2017	2016
	RMB'000	*RMB'000*
Fixed assets	**84,693**	89,792
Investment property	**–**	42,131
Pledged bank deposits	**170**	113,000
	84,863	244,923

(iii) At 31 December 2017, other borrowing of Nil (2016: RMB88,983,000) was guaranteed by two executive directors of the Company, Mr. Ng Tit and Ms. Chin Yu, and corporate guarantees provided by the Company and a subsidiary.

13. CONSIDERATIONS PAYABLE

These represented the balances payable for the acquisition of the intellectual property rights and distribution rights relating to Miacalcic Injection, Miacalcic Nasal Spray and Songzhi Wan.

Details of considerations payable are as follows:

	2017	2016
	RMB'000	*RMB'000*
– Miacalcic Injectable	**145,992**	318,522
– Miacalcic Nasal Spray	**64,948**	–
– Songzhi Wan	**12,772**	25,772
Total considerations payable	**223,712**	344,294
Less: Portion classified under current liabilities *(note 11)*	**(223,712)**	(188,156)
Non-current portion	**–**	156,138

14. DIVIDEND

A dividend of HK3.5 cents per ordinary share after the end of the reporting period is proposed (2016: HK2.5 cent). The dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

15. ACQUISITION OF INTANGIBLE ASSETS

(i) On 18 May 2016, NT Pharma International Company Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong ("NT Pharma HK"), as the purchaser, entered into (i) an asset purchase agreement (the "Asset Purchase Agreement"), (ii) a Licence Agreement (the "Licence Agreement") and (iii) a Supply Agreement (the "Supply Agreement") with Novartis AG and Novartis Pharma AG, being companies organized under the laws of Switzerland (collectively "Novartis").

Pursuant to the Asset Purchase Agreement, Novartis has agreed to transfer and NT Pharma HK has agreed to acquire (a) exclusive intellectual property rights, marketing and distribution rights associated with the trademarks and brand names for commercialisation of Miacalcic branded injectable pharmaceutical products for treatment of bone pains caused by osteolysis and lower bone mass, osteoporosis, Paget's disease, hypercalcemia and reflex sympathetic dystrophy syndrome in all dosage forms that are approved, marketed, distributed and/or sold by Novartis and its affiliates (the "Miacalcic Injection") and (b) exclusive intellectual property rights, marketing and distribution rights associated with the trademarks and brand names for the commercialisation of Miacalcic branded nasal spray pharmaceutical products in the form of nasal spray mainly for treatment of postmenopausal osteoporosis, that is approved, marketed, distributed and/or sold by Novartis and its affiliates (the "Miacalcic Nasal Spray"), for use in Mainland China and other designated countries. Miacalcic is a well-known international orthopedic brand for a long time.

Pursuant to the Licence Agreement, Novartis has granted exclusive licences for the respective intellectual property rights marketing and distribution rights associated with the trademarks and brand names of Miacalcic Injection and Miacalcic Nasal Spray that were acquired, respectively, by NT Pharma HK under the Asset Purchase Agreement and Second SPA (as defined below) for an indefinite period of time of use in Mainland China and other designated countries, after completion dates of their acquisitions.

Miacalcic Injection

The transactions under the Asset Purchase Agreement, the Licence Agreement, and the Supply Agreement were approved by the Company's shareholders at its extraordinary general meeting held on 7 July 2016. The purchase price for the exclusive intellectual property rights, marketing and distribution rights associated with the trademarks and brand names of Miacalcic Injection under the Asset Purchase Agreement and the Licence Agreement, which mainly include (a) the marketing authorisations and the Miacalcic import drug licences, (b) the transferred property (know-how, books and records, commercial information, marketing authorisation data and medical information (and any and all intellectual property rights in the forgoing)), (c) the transferred domain names, and (d) trademarks for commercialisation of Miacalcic Injection branded drugs, for an indefinite period of time for use in Mainland China and other designated countries was US$145 million (equivalent to approximately RMB1,006,965,000), after an arm's length of negotiations made between the Group and Novartis.

Pursuant to the Supply Agreement, Novartis shall manufacture and supply Miacalcic Injection branded products at the supply price effective on 7 July 2016 that are based upon consolidated total production costs of Novartis. Novartis may adjust the supply price on a unit-by-unit basis in accordance with the respective actual percentage increase or decrease in the consolidated total production costs, as applicable, calculated in the ordinary course of business consistent with past practice and consistent with the calculation of the supply price in the basis agreed with Novartis, provided that (a) there will be no upward adjustment in the first two years after 7 July 2016, and (b) the after-adjustment price applicable in the third and fourth year shall not exceed the relevant agreed ceiling price applicable in that period.

The acquisition of Miacalcic Injection at the consideration of US$145 million was completed on 7 July 2016. The other direct costs relating to the acquisition of Miacalcic Injection amounted to approximately RMB23,683,000 were also capitalized. The directors of the Company considered that Miacalcic Injection shall has an indefinite period of time of use in Mainland China and other designated countries based on the Asset Purchase Agreement and the Licence Agreement.

Miacalcic Nasal Spray

On 25 October 2017, the purchase of Miacalcic Nasal Spray for curing osteoporosis had been completed under the two supplemental agreements: an asset purchase agreement ("Second SPA") and a supply agreement ("Second Supply Agreement"), both were made on 25 October 2017 between Novartis and NT Pharma HK. Based on the Second SPA, the consideration for the proposed purchase of Miacalcic Nasal Spray was revised to US$34 million (equivalent to approximately RMB225.5 million).

(ii) According to the Supply Agreement in relation to Miacalcic Injection, during the Phase 1 Period (which means the period, on a country-by-country basis, from the acquisition completion date (i.e. 7 July 2016 for Miacalcic Injection) until the earlier of (a) the marketing authorisation date or with respect to the China Territory, date of obtaining the Import Drug Licence for Miacalcic Injection; and (b) two years from the acquisition date (i.e. 6 July 2018 for Miacalcic Injection) with respect to the period in which the Group (as purchaser of Miacalcic Injection) has not built up its own sales team and/or has not yet obtained the legitimate marketing authorisation rights to distribute, sell or invoice sales for the Miacalcic Injection branded drug products in each country of the territories as designated under the Assets Purchase Agreement and the Licence Agreement, all the intellectual property rights, marketing and distribution rights associated with trademarks and brand names for commercialisation of Miacalcic Injection branded drugs are licenced back to Novartis, which acts in its capacity as a principal, is allowed to use all these rights to sell the Miacalcic Injection branded drug products in those countries as designated under the Asset Purchase Agreement and the Licence Agreement and in consideration of this sub-licensing arrangement for the use of these rights of Miacalcic Injection in each of the territories as designated under Asset Purchase Agreement and the Licence Agreement.

During the year ended 31 December 2017, the Group earned sub-licensing fee income of RMB127,709,000 (7 July 2016 to 31 December 2016: RMB45,827,000) from sub-licensing these intellectual property rights, marketing and distribution rights associated with trademarks and brand names relating to commercialization of Miacalcic Injection branded drugs.

According to the Second Supply Agreement in relation to Miacalcic Nasal Spray, during the Pre-MA Transfer Period (which means the period, on a country-by-country basis, from the respective closing date (which was 25 October 2017) until the earlier of (a) the marketing authorization date or the Import Drug Licence for Miacalcic Nasal Spray Transfer Date; and (b) two years from the respective closing date (i.e. 25 October 2019 for Miacalcic Nasal Spray) with respect to the period in which NT Pharma HK (as purchaser of the intellectual rights, marketing and distribution rights) has not yet obtained the marketing authorisation to distribute, sell or invoice sales for the Miacalcic Nasal Spray branded products in each country of the territories as designated under the Second SPA, all the relevant intellectual property rights, marketing and distribution rights associated with trademarks and brand names for commercialisation of the Miacalcic Nasal Spray products are licenced back by NT Pharma HK to Novartis, which acts in its capacity as a principal and in consideration of this sub-licencing arrangement, Novartis shall pay the Group a sub-licencing fee for its use of these rights of Miacalcic Nasal Spray in the relevant territories as designated under the Second SPA and Second Supply Agreement.

During the period from 25 October 2017 to 31 December 2017, the Group earned licencing fee income from Novartis, in respect of the intellectual rights, marketing and distribution rights relating to Miacalcic Nasal Spray, of approximately RMB7.5 million.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated and/or reclassified due to the presentation for the discontinued operation during the year, as further detailed in note 7.

17. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors recommended a dividend as further detailed in note 14 above.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

NT Pharma is a technology-based pharmaceutical company which is principally engaged in the investment, research and development ("R&D"), manufacturing and sales of pharmaceutical products in the People's Republic of China ("China" or "PRC") and over 20 countries overseas, with its products covering therapeutic areas such as oncology, orthopedics, CNS, hepatopathy and respiratory system. NT Pharma owns two new Class 1 drugs in China, one well-known international brand-name drug, and a number of generic drugs, and the Group conducts its production through three of its subsidiaries, namely Suzhou First Pharmaceutical Co., Ltd. ("Suzhou First"), Jiangsu NT Biopharma Co., Ltd. ("Jiangsu Biopharma") and NT Pharma Changsha Pharmaceutical Co., Ltd. ("Changsha Pharma"). The Group also owns several sales and distribution companies with around 1,000 sales professionals and R&D specialists. The Group has an extensive promotion network in China, covering nearly 10,000 hospitals. The Group will insist in its strategy of research and development through three aspects, including equity investment or acquiring R&D results, seeking cooperation with R&D institutes and technology colleges, and self R&D, to enhance its R&D capability and become an innovative pharmacy company.

In 2017, the Group substantially dedicated its focus on improving its operating profit margins, expanding its proprietary product portfolio and developing its own research and development capabilities. The overall revenue of the Group for the year ended 31 December 2017 increased by RMB245.2 million to RMB604.8 million, as compared with RMB359.6 million for the previous year. Operating profit for the year ended 31 December 2017 improved significantly to RMB269.6 million, as compared with an operating profit of RMB64.6 million for the previous year. The improvement in operating results during the year ended 31 December 2017 was mainly due to increase of contribution from higher-margin self-developed products, such as Miacalcic, Xi Di Ke and Shusi, lower selling and distribution expenses. As a result of the improved operating results, the Group reported a net profit of RMB165.2 million for the year ended 31 December 2017, as compared with a net profit of RMB116.2 million for the previous year, representing a significant increase of 42.2% year on year.

BUSINESS REVIEW

Production Bases

The Group conducts its production through three of its subsidiaries, Suzhou First, Jiangsu Biopharma and Changsha Pharma.

Production Base of Chemical Drugs

Suzhou First is the Group's production base of chemical drugs, which is dubbed a "High-tech Enterprise" in Jiangsu Province. Suzhou First has renewed its certification of Good Manufacturing Practice ("GMP") with a total of 129 Drug Registration Certificates issued by the State Food and Drug Administration ("SFDA"). The Company is located in the Sino-Singaporean Suzhou Industrial Park, covering an area of 150 acres. Among the 20 types of products currently being produced and sold by Suzhou First, "Shusi" (quetiapine fumarate tablets), as its core product and a high-tech product under a famous brand recognized by Jiangsu Province, is a main resort for the therapy of CNS. Zhuo'ao (ambroxol hydrochloride for injection), another product of Suzhou First, is the main resort for respiratory system therapy.

Production Base of Bio-chemical Drugs

Jiangsu Biopharma is a high-tech pharmaceutical enterprise, with its plant located in the Chinese Medicine City in Taizhou, China, which covers an area of 100 acres and is the Group's production base for bio-chemical drugs, mainly for the production of anticancer drugs with the production lines granted the renewed GMP certification in early March 2017. Jiangsu Biopharma owns a new Class I anticancer drug "Xi Di Ke" (uroacitides injection), which has been approved to be used in treatment of non-small cell lung cancer and breast cancer, with its new indication "myelodysplastic syndrome ("MDS")" under phase II clinical research. Xi Di Ke has been admitted into the "Major New Drugs Innovation" projects shortlist of the Ministry of Science and Technology.

Production Base of Traditional Chinese Medicine

Changsha Pharma is the Group's production base for traditional Chinese medicine, which is located in the National Bio-industry Base in Changsha, China, covering an area of 50 acres. Granted the renewed GMP certification. Its production lines commenced operation in June 2016. Changsha Pharma owns a new state-class drug known as Songzhi Wan, which is the only traditional Chinese medicine capable of curing hepatitis Type C globally. The development of Songzhi Wan was subsidized by China's "863" Programme.

Core Products

NT Pharma has 129 product registration certificates as approved by SFDA, among which, over 20 products are being sold and produced.

Miacalcic

Miacalcic (generic name: salmon calcitonin), a well-known international orthopedic brand, is mainly used for treatment of bone pain led by osteolysis and lower bone mass, osteoporosis, Paget's disease, hypercalcemia and reflex sympathetic dystrophy syndrome. The Group completed the major transaction on acquisition of Miacalcic Injection in respect of China and other regions from Novartis at a total purchase price of US$145 million in July 2016. In addition, the Group has completed a major transaction of acquiring Miacalcic Nasal Spray at a consideration of US$34 million. The sale of Miacalcic in the markets of China and other countries and regions is generally stable in the long term and the sale network covers the whole world. The Group has strategically established its presence in the area of orthopedic treatment to enrich the Company's product mix.

Xi Di Ke

Xi Di Ke (generic name: uroacitides injection), a national class 1.1 new drug, is a proprietary product of Jiangsu Biopharma and is approved by the CFDA for the treatment of non-small cell lung cancer and breast cancer. Xi Di Ke was awarded the new Good Manufacturing Practices ("GMP") certification by the CFDA in March 2017 and was officially commercialized in hospitals starting from April. The first prescription of Xi Di Ke was given in June of the same year. In light of the recognition by more and more prescriptions, Xi Di Ke is expected to generate powerful support for the Group's operation and become a major highlight of the Company's future results. Currently, Xi Di Ke has obtained approval and is under the medical insurance coverage in Hubei Province while its application in Jiangsu Province is also under the stage of announcement.

Shusi

Shusi (generic name: quetiapine fumarate) is a proprietary product of Suzhou First. In December 2013, it was also approved by the CFDA for the treatment of bipolar affective disorder. Shusi is an atypical antipsychotic drug which has proven safety track records and therapeutic effects on first-time psychiatric patients, elderly patients and adolescent patients. It is expected the product will have tremendous growth potential and continue to play an important role in the future growth strategy of the Group. The consistency appraisal of Shusi is under process which we expect to be completed within the year.

Libod

Libod (generic name: doxorubicin hydrochloride liposome injection) is a product for Level-I application for oncology Chemotherapy produced by FDZH with NT Pharma as the exclusive distributor. Since 2014, the Company has been committed to transformation into a comprehensive pharmaceutical company integrating research and development, production and sales of proprietary products and gradual termination of the business of third-party pharmaceutical distribution and promotion. For the sake of strategic change after transformation, the Company will no long engage in the distribution and promotion of Libod after 31 December 2017.

Zhuo'ao

The generic name of Zhuo'ao is ambroxol hydrochloride for injection, which is a proprietary product of Suzhou First primarily used for acute exacerbations of chronic bronchitis, asthmatic bronchitis and bronchial asthma.

Songzhi Wan

Songzhi Wan is the only traditional Chinese medicine capable of curing hepatitis Type C as approved by SFDA, the development of which was included in the Major Scientific and Technical Breakthrough Program under the "10th Five-Year Plan" and the National High Technology Research and Development Program (863 Program) and was subsidized. During the Stage I-II-III clinical research on Songzhi Wan, its drug efficacy and safety have been carefully verified with modern medicine, for which it was finally approved to enter the market with a certificate of new drug. It was officially commercialized at hospitals in June 2016. In September 2017, NT Pharma launched the "Real World Study on Songzhi Wan" for joint discussion with liver specialists on the treatment strategy and Real World Study of Songzhi Wan to create the first brand of traditional Chinese medicine for treatment of chronic hepatitis Type C. Meanwhile, through co-operation and R&D with the University of Hong Kong, the Company is going to develop a new formula to improve its drug efficacy.

OPERATING RESULTS

Sales

The Group's business is currently composed of two operating segments, i.e. proprietary products production and sales and Miacalcic.

The proprietary products include Shusi, Xi Di Ke, Zhuo'ao, Songzhi Wan and other drugs. For the year ended 31 December 2017, total revenue from production and sales of proprietary products increased by RMB58.7 million or 18.7% to RMB372.5 million, as compared with RMB313.8 million for the previous year. Revenue of Shusi increased by RMB10.8 million or 5.2% to RMB216.7 million, as compared with RMB205.9 million for the previous year. The increased revenue of Shusi was attributable to the increased demand and improved inventory management of distribution channels. For the year ended 31 December 2017, revenue from Xi Di Ke amounted to RMB81.8 million. Revenue of Zhuo'ao decreased by RMB4.5 million or 12.1% to RMB32.6 million, as compared with RMB37.1 million for the previous year. The decrease in revenue of Zhuo'ao was mainly due to the restructuring of its sole distributor Sihuan Pharmaceutical during the year, which affected the sales results of the product. Revenue of Songzhi Wan was RMB12.3 million for the year ended 31 December 2017, as compared with RMB35.9 million for the previous year.

For the year ended 31 December 2017, revenue from Miacalcic segment amounted to RMB232.4 million, as compared with RMB45.8 million for the previous year. The revenue from brand licensing fee income of Miacalcic Injection increased by RMB81.9 million or 178.8% to RMB127.8 million from RMB45.8 million for the previous year. Revenue from Miacalcic Injection and Miacalcic Nasal Spray amounted to RMB97.2 million and RMB7.5 million respectively.

For the year ended 31 December 2017, the Group has completely terminated the third-party pharmaceutical promotion and sales segment. The revenue from Libod, an oncology drug manufactured by FDZH, decreased by RMB278.4 million or 50.1% to RMB277.1 million, as compared with RMB555.5 million for the previous year.

Research and Development

The Group has established a R&D and clinical medical center in Beijing, which maintains long-term strategic cooperation with domestic and foreign research institutions and companies. The Group conducts R&D of new products in many areas, such as cancer and blood diseases, central nervous system diseases, liver diseases and infectious diseases, while expanding the scope of indications of the existing drugs, with an aim to offer more new products to the patients in the future.

PROSPECTS AND OUTLOOK OF THE GROUP

The Chinese government continues to commit resources to and invest in the healthcare sector as part of its long-term healthcare reform plan. Although more stringent regulations may create short-term operating pressures, NT Pharma believes that a better regulated market will ultimately bring opportunities to healthcare companies in China and enable the healthcare industry in China to maintain its growth in the long term. The Group believes that the growth of the healthcare industry in China is supported by a combination of favorable factors, including the size of an increasing ageing population, the Chinese government's commitment to improve access to healthcare services and better affordability from rising disposable income. With the Chinese government's continual reforms on the healthcare sector, NT Pharma has redefined its long-term growth strategies in accordance with the changing landscape of the industry. Going forward, NT Pharma will continue to refine and reinforce its strategies: the Group will actively conduct R&D of innovative drugs for driving the Group's profit growth and fully develop the market potential of brand drugs and generic drugs, achieving the economies of scale for the Group through boosting sales performance of various drugs. The Group will continue to proactively identify opportunities to acquire quality products to enrich its product portfolio, focusing on three main aspects including psychiatry, orthopedics, hematology and oncology. Also, the Group will speed up its external development through vertical strategic acquisition, so as to reach synergistic effect through integration with its existing products and gather the momentum for sustainable development of the Group.

We have been in the field of medical and healthcare industry for over 20 years and strived to build our Company to be an excellent medical and healthcare enterprise. In the future, the entire staff of NT Pharma will endeavor to deliver outstanding performance with progressive growth and constant innovation by seizing opportunities presented by various policies under the healthcare reform, upholding the advanced operation philosophies, taking advantage of extensive industry experience and expertise and leveraging our strong marketing network. Looking forward, we are confident about our capability for creating more value for our customers, shareholders and patients, embracing a new chapter for the Company.

HUMAN RESOURCES

As at 31 December 2017, the Group had 803 fulltime employees (2016: 582 employees). For the year ended 31 December 2017, the Group's total cost on remuneration, welfare and social security amounted to RMB112.9 million (2016: RMB64.6 million).

The remuneration structure of the Group is based on employee performance, local consumption level and prevailing conditions in the human resources market. Directors' remuneration is determined with reference to each Director's experience, responsibilities and prevailing market standards.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to 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 on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme ("New Share Option Scheme") adopted by the Company on 22 September 2014, and a share award scheme ("New 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.

The Group made considerable efforts in continuing education and training programs for its staff, to continuously enhance their knowledge, skills and team spirit. The Group regularly provided internal and external training courses for relevant staff according to their needs.

FINANCIAL REVIEW

Revenue

	For the year ended 31 December							
	2017 Sales volume ***'000***	**2017 Unit price** ***RMB***	**2017 Sales amount** ***RMB'000***	**2017 Proportion** ***(%)***	2016 Sales volume *'000*	2016 Unit price *RMB*	2016 Sales amount *RMB'000*	2016 Proportion *(%)*
Proprietary products production and sales								
Shusi	**7,215**	**30.0**	**216,689**	**35.8%**	7,257	28.4	205,872	57.3%
Xi Di Ke	**169**	**485.3**	**81,824**	**13.5%**	–	–	–	–
Zhuo'ao	**20,621**	**1.6**	**32,603**	**5.4%**	30,507	1.2	37,124	10.3%
Songzhi Wan	**98**	**126.5**	**12,335**	**2.0%**	108	333.0	35,895	10.0%
Others	**19,975**	**1.5**	**29,004**	**4.8%**	19,045	1.8	34,891	9.7%
Subtotal			**372,455**	**61.5%**			313,782	87.3%
Miacalcic								
Miacalcic Injection	**546**	**178.1**	**97,220**	**16.1%**	–	–	–	–
Brand licensing fee income of Miacalcic Injection	**1,193**	**107.0**	**127,709**	**21.2%**	–	N/A	45,827	12.7%
Brand licensing fee income of Miacalcic Nasal Spray	**44**	**169.6**	**7,462**	**1.2%**	–	–	–	–
Subtotal			**232,391**	**38.5%**			45,827	12.7%
Total			**604,846**	**100.0%**			359,609	100.0%

Revenue from proprietary products production and sales increased by RMB58.7 million to RMB372.5 million, accounting for 61.5% of the total revenue in 2017, as compared with RMB313.8 million or 87.3% of the Group's revenue in 2016. The increase in revenue from proprietary products production and sales was due to two reasons. Firstly, Xi Di Ke was launched for sale in the market in April 2017, bringing revenue contribution to the Company of RMB81.8 million for the year ended 31 December 2017. Secondly, Shusi recorded an increase in sales. The increase in revenue of Shusi was primarily due to increased market demand as well as improved management of inventory in the distribution channels which resulted in an increase of RMB1.6 in the average commercial selling price per unit to RMB30.0 for the year ended 31 December 2017 from RMB28.4 for the corresponding period in 2016.

The Company completed the acquisition of Miacalcic Nasal Spray in October 2017, after the completion of the acquisition and settlement in respect of Miacalcic Injection in July 2016, bringing brand licensing fee income contribution to the Company of RMB232.4 million for the year ended 31 December 2017 as compared to RMB45.8 million for 2016.

Cost of Sales

For the year ended 31 December 2017, cost of sales decreased by RMB174.9 million to RMB246.6 million, as compared with RMB421.5 million for the year ended 31 December 2016. The increase in cost of sales during the year was mainly due to the increase in sales of Miacalcic and Shusi.

Gross Profit

	For the year ended 31 December			
Products	**2017 Gross Profit**	**2017 Gross Profit Margin**	2016 Gross Profit	2016 Gross Profit Margin
	RMB'000	***(%)***	*RMB'000*	*(%)*
Proprietary products production and sales				
Shusi	**183,863**	**84.9%**	161,868	78.6%
Xi Di Ke	**70,029**	**85.6%**	–	–
Zhuo'ao	**20,785**	**63.8%**	19,292	52.0%
Songzhi Wan	**8,915**	**72.3%**	31,654	88.2%
Others	**(3,876)**	**(13.4%)**	(4,808)	(13.8)%
Subtotal	**279,716**	**75.1%**	208,006	66.3%
Miacalcic				
Miacalcic Injection	**69,348**	**71.3%**	–	–
Brand licensing fee income of Miacalcic Injection	**127,709**	**100.0%**	45,827	100.0%
Brand licensing fee income of Miacalcic Nasal Spray	**7,462**	**100.0%**	–	–
Subtotal	**204,519**	**88.0%**	45,827	100.0%
Total	**484,235**	**80.1%**	**253,833**	**70.6%**

Gross profit increased by RMB230.4 million to RMB484.2 million in 2017, as compared with RMB253.8 million in 2016. Gross profit margin increased by 9.5 percentage point to 80.1% for the year ended 31 December 2017, as compared with 70.6% for the corresponding period in 2016. The increase in gross profit margin was mainly due to higher average selling price and sales contribution of products with higher gross profit margin, including Xi Di Ke, Shusi, and revenue contribution from Miacalcic.

Reportable Segment Operating Profit

The operating expenses of the Group increased by RMB44.0 million or 30.0% to RMB192.5 million for the year ended 31 December 2017, as compared with RMB148.6 million for the corresponding period in 2016. The Group reported an operating profit of RMB291.7 million for the year ended 31 December 2017, as compared with RMB105.3 million for the corresponding period in 2016. The following table sets forth a breakdown of the Group's operating profit by reportable segment for the year ended 31 December 2017:

	For the year ended 31 December			
	2017 Operating Profit	**2017 Operating profit margin**	2016 Operating Profit	2016 Operating profit margin
	RMB'000	***(%)***	*RMB'000*	*(%)*
Proprietary products production and sales	**134,697**	**36.2%**	59,917	19.1%
Miacalcic	**157,034**	**67.6%**	45,365	99.0%
Total	**291,731**	**48.2%**	105,282	29.3%

Finance Costs

The Group's finance costs consist of interest on bank borrowings and bank charges. Finance costs increased by RMB14.2 million or 49.0% to RMB43.2 million for the year ended 31 December 2017, as compared to RMB29.0 million for the year ended 31 December 2016. The increase in finance costs was mainly due to the relatively tense in liquidity market of the PRC, the increase in funding cost and the corresponding finance cost from new loans for the acquisition of Miacalcic Nasal Spray during the year.

Taxation

Income tax expense was RMB15.9 million for the year ended 31 December 2017 as compared to an income tax expense of RMB10.8 million for the year ended 31 December 2016. The increase in income tax expense was mainly due to increase in profit before taxation.

Profit/Core Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company for the year ended 31 December 2017 was RMB165.2 million as compared to a net profit of RMB116.2 million for the year ended 31 December 2016. Core profit attributable to equity holders of the Company for the year ended 31 December 2017 was RMB169.1 million as compared to a core profit of RMB131.9 million for the year ended 31 December 2016, which was mainly attributable to the improvement on our gross profit margin and reduction in operating expenses.

Earnings per Share

The calculation of basic earnings and basic core earnings per share is based on the profit and core profit attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of the Company in issue during the year ended 31 December 2017.

The calculation of diluted earnings and diluted core earnings per share is based on the profit and core profit attributable to the equity holders of the Company divided by the weighted average number of ordinary shares of the Company in issue during the year ended 31 December 2017 (subject to the adjustment on all the potential dilution effect of the ordinary shares).

	As at 31 December	
	2017	2016
Profit attributable to equity shareholders of the Company *(RMB'000)*	**165,195**	116,181
Plus: equity-settled share option expenses *(RMB'000)*	**880**	2,625
Plus: share of loss of an associate *(RMB'000)*	**1,077**	31
Plus: net exchange loss *(RMB'000)*	**1,932**	617
Plus: net loss on disposal of property, plant and equipment, intangible assets and interests in subsidiaries *(RMB'000)*	**(33)**	12,400
Core profit attributable to equity shareholders of the Company *(RMB'000)*	**169,051**	131,854
Weighted average number of ordinary shares in issue *('000)*	**1,541,544**	1,558,058
Weighted average number of ordinary shares in issue after the effect of shares issued upon exercise of share options *('000)*	**1,711,656**	1,566,546
Basic earnings per share *(RMB cent per share)*	**10.72**	7.46
Diluted earnings per share *(RMB cent per share)*	**9.12**	7.42
Basic core earnings per share *(RMB cent per share)*	**10.97**	8.46
Diluted core earnings per share *(RMB cent per share)*	**9.35**	8.42

The core profit attributable to equity shareholders of the Company is the profit attributable to equity shareholders of the Company excluding equity settled share option expenses, share of loss of an associate, net exchange loss and net loss on disposal of property, plant and equipment and intangible assets and interests in subsidiaries.

Capital Expenditure

Total capital expenditure decreased by RMB806.1 million or 77.3% to RMB236.6 million for the year ended 31 December 2017, as compared to RMB1,042.7 million for the year ended 31 December 2016. The capital expenditure was mainly used for acquiring the exclusive intellectual property rights and distribution rights relating to Miacalcic Injectable drug products.

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

The primary objective of the Group's capital management is to maintain the ability to continue as a going concern so that the Group can continue to provide returns for shareholders of the Company and benefits for other stakeholders by proper product pricing and securing access to financing at a reasonable cost. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration 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 loss of RMB1.9 million for the year ended 31 December 2017, while the net exchange loss of the Group for the year ended 31 December 2016 was RMB0.6 million. Presently, the Group does not employ any financial instruments for hedging against the foreign exchange exposure.

Interest Rate Exposure

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

Group Debt and Liquidity

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Total debt	**(787,113)**	(892,449)
Pledged bank deposits, cash and cash equivalents	**212,038**	222,624
Net debt	**(575,075)**	(669,825)

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

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Repayable:		
Within 1 year or on demand	**656,055**	892,449

The Group's bank borrowings of approximately RMB656.1 million as at 31 December 2017 (2016: RMB703.5 million) were bank borrowing of RMB433.0 million (2016: RMB272.0 million) made from banks in the PRC at fixed interest rates ranging from 4.3% to 6.5% per annum. As at 31 December 2017, the Group's bank borrowing of approximately RMB223.1 million (2016: RMB420.5 million) made from banks in Hong Kong.

In addition, as at 31 December 2017, the Group had no other loans (2016: RMB189.0 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	
	2017	2016
	RMB'000	*RMB'000*
Total debt	**787,113**	892,449
Total assets	**2,759,719**	2,562,739
Debt-to-assets ratio	**28.5%**	34.8%

Charges on the Group's Assets

As at 31 December 2017, bank deposits of the Group of RMB65.2 million (31 December 2016: RMB133.0 million) were pledged to the banks to secure certain bank loans and bills payable amounting to a total of RMB115.9 million (31 December 2016: RMB151.0 million). As at 31 December 2017, certain banking facilities of the Group were also secured by the Group's fixed assets which amounted to RMB84.9 million (31 December 2016: RMB244.9 million).

Capital Commitments

The following table sets forth our capital commitments provided for but not settled as at 31 December 2017:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Contracted but not provided for		
– property, plant and equipment	**484**	474
– investment in an associate	**20,000**	28,000
– intangible assets: computer software	**1,325**	2,300
– intangible assets: Miacalcic Spray	**–**	450,905
	21,809	481,679

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**14,349**	14,001
After 1 year but within 5 years	**16,852**	29,963
Over 5 years	**1,058**	313
	32,259	44,277

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

Significant Investments Held

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company for the year ended 31 December 2017.

Material Acquisitions

In October 2017, NT Pharma International Company Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company ("NT Pharma HK") as the purchaser entered into (i) an asset purchase agreement (the "Asset Purchase Agreement") with Novartis AG and Novartis Pharma AG, companies organised under the laws of Switzerland (collective called "Novartis") pursuant to which Novartis agreed to transfer to NT Pharma HK certain pharmaceutical product in the form of a spray that is approved, marketed, distributed and/or sold by Novartis and its affiliates (the "Miacalcic Spray Transferred Assets"); and (ii) the License Agreement with Novartis, pursuant to which Novartis agrees to grant licenses for the respective assets (the "Licensed Asset") in China and other countries and territories. The purchase price for the Miacalcic Spray Transferred Assets and provision of licenses for the Licensed Assets would be US$34 million (equivalent to approximately RMB225.5 million).

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 2017.

Contingent Liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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. The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 December 2017 except for the deviation from code provision A.2.1 of the CG Code, which 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 are 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 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, two non-executive Directors and three independent non-executive Directors, with the independent non-executive Directors representing approximately 37.5% of the Board, which is higher than one third of the Board. Such percentage of independent non-executive Directors on the Board can ensure their views carry significant weight and reflect the independence of the Board.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. On specific enquiries made, all Directors have confirmed that they have complied with the standards as stipulated in the Model Code throughout the year ended 31 December 2017.

DIVIDENDS

The directors recommend the payment of a final dividend of HK3.5 cents (2016: HK2.5 cent) per share, representing a total dividend distribution of approximately HK$64.9 million (2016: HK$39.0 million). The final dividend will be payable on 2 August 2018. The proposed dividend has not reflected as dividends payable in the financial statements for the year ended 31 December 2017, but will be reflected as appropriations of retained profits for the year ending 31 December 2018. The register of members of the Company will be closed from 12 July 2018 to 13 July 2018, both days inclusive. To qualify for the final dividend, transfers should be lodged with the Company's branch registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than on 4:30 p.m. 11 July 2018 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on 8 June 2018, the register of members of the Company will be closed from 5 June 2018 to 8 June 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 June 2018.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from 12 July 2018 to 13 July 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 11 July 2018.

SIGNIFICANT EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events occurred subsequent to 31 December 2017.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Patrick Sun, Mr. Tze Shan Hailson Yu and Dr. Lap-Chee Tsui. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2017 and has recommended its adoption by the Board.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules applicable to the reporting period, the 2017 annual report containing all information about the Company set out in this announcement including the annual results for the year ended 31 December 2017 will be posted on the Company's website (**www.ntpharma.com**) and the website of the HKSE (**www.hkexnews.hk**) in due course.

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

Hong Kong, 26 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Ng Tit, Ms. Chin Yu and Mr. Wu Weizhong; the non-executive directors of the Company are Dr. Qian Wei and Ms. Lou Jianying; and the independent non-executive directors of the Company are Mr. Patrick Sun, Mr. Tze Shan Hailson Yu and Dr. Lap-Chee Tsui.