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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of China NT Pharma Group Company Limited (the “**Company**” or “**NT Pharma**”) announced the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (the “**Period Under Review**”), together with the comparative figures for the six months ended 30 June 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 (Expressed in Renminbi)

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue		111,233	89,436
Cost of sales		<u>(39,572)</u>	<u>(32,738)</u>
Gross profit		71,661	56,698
Other revenue and other income	4	45,282	2,467
Other net (loss)/gain	5	(17)	551
Selling and distribution expenses		(52,441)	(38,426)
Administrative expenses		(36,175)	(44,403)
Fair value change on financial liabilities at fair value through profit or loss		—	1,794
Share of results of associates		<u>—</u>	<u>(133)</u>

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit/(loss) from operations		28,310	(21,452)
Finance costs		<u>(31,904)</u>	<u>(27,047)</u>
Loss before taxation	6	(3,594)	(48,499)
Income tax expense	7	<u>—</u>	<u>—</u>
Loss for the period from continuing operations		<u>(3,594)</u>	<u>(48,499)</u>
Discontinued operation			
Loss for the period from discontinued operation		<u>—</u>	<u>(36,462)</u>
Loss for the period		<u>(3,594)</u>	<u>(84,961)</u>
Attributable to:			
Equity holders of the Company		(2,654)	(83,207)
Non-controlling interests		<u>(940)</u>	<u>(1,754)</u>
Loss for the period		<u>(3,594)</u>	<u>(84,961)</u>
Loss attributable to equity holders of the Company arises from:			
Continuing operations		(2,654)	(46,745)
Discontinued operation		<u>—</u>	<u>(36,462)</u>
		<u>(2,654)</u>	<u>(83,207)</u>
Loss per Share	8		
From continuing and discontinued operations			
Basic		<u>(0.14) cents</u>	<u>(4.37) cents</u>
Diluted		<u>(0.14) cents</u>	<u>(4.37) cents</u>
Loss per Share			
From continuing operations			
Basic		<u>(0.14) cents</u>	<u>(2.45) cents</u>
Diluted		<u>(0.14) cents</u>	<u>(2.45) cents</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(3,594)	(84,961)
Other comprehensive income for the period		
Exchange differences on translation of financial statements of entities outside the PRC	<u>5,022</u>	<u>32,754</u>
Total comprehensive gain/(loss) for the period	<u>1,428</u>	<u>(52,207)</u>
Attributable to:		
Equity holders of the Company	2,368	(50,453)
Non-controlling interests	<u>(940)</u>	<u>(1,754)</u>
Total comprehensive gain/(loss) for the period	<u>1,428</u>	<u>(52,207)</u>
Total comprehensive gain/(loss) for the period attributable to owners of the Company arise from:		
Continuing operations	2,368	(46,745)
Discontinued operation	<u>—</u>	<u>(3,708)</u>
	<u>2,368</u>	<u>(50,453)</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Expressed in Renminbi)

		30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Fixed assets			
– Property, plant and equipment		397,434	419,830
– Interests in leasehold land held for own use under operating leases		112,593	117,998
		510,027	537,828
Intangible assets		161,824	162,846
Interest in associates, net		376,899	16,899
Financial asset at fair value through profit or loss		537	537
		1,049,287	718,110
Current assets			
Inventories		23,270	27,287
Trade and other receivables	9	42,257	420,359
Pledged bank deposits		2,760	25,520
Cash and cash equivalents		5,569	7,694
		73,856	480,860
Assets of disposal group classified as held for sales/assets classified as held for sale		—	96,099
		73,856	576,959

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
	<i>Notes</i>		
Current liabilities			
Contract liabilities		5,122	5,808
Trade and other payables	<i>10</i>	270,953	268,164
Bank and other borrowings	<i>11</i>	679,145	796,248
Financial liabilities at fair value through profit or loss		16,199	16,199
Lease liabilities		1,919	3,156
Current taxation		12,350	12,195
		985,688	1,101,770
Liabilities of a disposal group classified as held for sale		—	54,666
		985,688	1,156,436
Net current liabilities		(911,832)	(579,477)
Total assets		1,123,143	1,295,069
Total assets less current liabilities		137,455	138,633
Non-current liabilities			
Bank and other borrowings	<i>11</i>	49,445	45,635
Financial liabilities at fair value through profit or loss		472	472
Lease liabilities		—	6,416
Deferred tax liabilities		63,688	63,688
		113,605	116,211
NET ASSETS		23,850	22,422
CAPITAL AND RESERVES			
Share capital		1	1
Reserves		18,646	16,278
Total equity attributable to equity holders of the Company		18,647	16,279
Non-controlling interests		5,203	6,143
TOTAL EQUITY		23,850	22,422

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

The unaudited condensed consolidated interim financial information is presented in Renminbi (“**RMB**”) unless otherwise stated.

These unaudited consolidated interim financial statements have not been audited by the Company's independent auditors, but have been reviewed by the audit committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 December 2020. The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group's results and financial position for the current period or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

3. REVENUE AND 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 resources allocation and performance assessment, the Group has presented the following one reportable segment:

- Proprietary products production and sales: revenue from production and sales of NT Pharma branded products and generic drugs.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred specifically by those segments.
- The measure used for reporting segment operating profit is "operating profit" which is the profit from operations adjusted for items not specifically attributed to individual segments, such as other revenue, other net income/(loss), head office or corporate administration expenses.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.

Continuing Operations

	Proprietary products production and sales Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reportable segment revenue	111,233	89,436
Cost of sales	(39,572)	(32,738)
Reportable segment gross profit	71,661	56,698
Reportable segment results	(2,907)	(9,497)

(b) Reconciliations of reportable segment revenue and results

	Continuing Operations	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	<u>111,233</u>	<u>89,436</u>
Reportable segment results		
Reportable segment operating loss	(2,907)	(9,497)
Unallocated head office and corporate expenses	(14,048)	(16,634)
Other revenue and other income	45,282	2,467
Fair value change on financial liabilities at fair value through profit or loss	—	1,794
Other net (loss)/gain	(17)	551
Finance costs	(31,904)	(27,047)
Share of results of associates	<u>—</u>	<u>(133)</u>
Loss before taxation	<u>(3,594)</u>	<u>(48,499)</u>

4. OTHER REVENUE AND OTHER INCOME

	Continuing Operations	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	208	1,000
Net gain on disposal of property, plant and equipment	4,081	—
Gain on disposal of a subsidiary	40,847	—
Other income	<u>146</u>	<u>1,467</u>
	<u>45,282</u>	<u>2,467</u>

5. OTHER NET (LOSS)/GAIN

	Continuing Operations	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange (loss)/gain	<u>(17)</u>	<u>551</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Continuing Operations	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	12,858	9,919
Amortisation of interests in leasehold land held for own use under operating leases	1,616	1,480
Amortisation of intangible assets	1,023	273
Asset impairment losses:		
– inventories	—	158
– trade debtors	—	762
Cost of inventories sold	39,572	32,738
Reversal of impairment for inventories	—	(502)
Reversal of impairment for trade debtors	<u>—</u>	<u>(6,815)</u>

7. INCOME TAX EXPENSE

	Continuing Operations	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax — PRC Income Tax		
Provision for the period	—	—
Deferred tax		
Origination and reversal of temporary differences	—	—
Income tax expense	<u>—</u>	<u>—</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries in the Hong Kong Special Administrative Region are subject to Hong Kong profits tax at tax rate of 16.5% (2020: 16.5%). No income tax provision is made for the Hong Kong subsidiaries for the six months ended 30 June 2021, as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained losses for Hong Kong profits tax purpose.

For the six months ended 30 June 2021, the Company’s subsidiaries in PRC are subject to a statutory income tax rate of 25% (2020: 25%), except that Suzhou First Pharmaceutical Co., Ltd. is subject to income tax rate of 15% (2020: 15%).

8. LOSS PER SHARE

(a) Basic loss per Share

The calculation of basic earnings per share is based on the loss attributable to the equity holders of the Company for the six months ended 30 June 2021 of RMB2,654,000 (2020: loss of RMB83,207,000) and the weighted average number of 1,887,047,000 (2020: 1,904,635,000) ordinary Shares in issue during the period.

(b) Diluted loss per Share

The calculation of fully diluted earnings per Share is based on loss for the six months ended 30 June 2021 of RMB2,654,000 (2019: loss of RMB83,207,000) and the weighted average number of 1,887,047,000 (2020: 1,904,635,000) ordinary Shares in issue after adjusting for the effect of all dilutive potential ordinary Shares.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade debtors and bills receivable	650,660	652,102
Less: Allowance for doubtful debts	<u>(626,138)</u>	<u>(626,138)</u>
	24,522	25,964
Deposits, prepayments and other receivables	<u>17,735</u>	<u>394,395</u>
	<u>42,257</u>	<u>420,359</u>

As at 30 June 2021, none of trade and other receivables was used for securing certain banking facilities (31 December 2020: RMB4,604,000).

Trade debtors are normally due within 30 to 240 days from the date of billing. Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis, based on the billing date of invoice, as at the date of the statement of financial position:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	8,144	17,973
More than 3 months but within 6 months	2,959	7,159
More than 6 months but within 1 year	<u>13,419</u>	<u>832</u>
	<u>24,522</u>	<u>25,964</u>

10. TRADE AND OTHER PAYABLES

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade creditors	32,490	41,177
Bills payable	2,760	5,520
	<hr/>	<hr/>
Total trade creditors and bills payable	35,250	46,697
Accrued staff costs	822	2,475
Other payables and accruals	234,881	218,992
	<hr/>	<hr/>
	270,953	268,164
	<hr/> <hr/>	<hr/> <hr/>

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis, based on the date of invoice, as at the date of the statement of financial position:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	9,290	18,243
More than 3 months but within 6 months	10,711	23,298
More than 6 months but within 1 year	7,215	1,018
More than 1 year	8,034	4,138
	<hr/>	<hr/>
	35,250	46,697
	<hr/> <hr/>	<hr/> <hr/>

11. BANK AND OTHER BORROWINGS

As at 30 June 2021, the bank and other borrowings comprised:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowings	399,500	464,861
Other borrowings	329,090	377,022
	<u>728,590</u>	<u>841,883</u>
Secured	467,159	474,171
Unsecured	261,431	367,712
	<u>728,590</u>	<u>841,883</u>

As at 30 June 2021, the banking facilities were secured by certain assets of the Group as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Intellectual property rights	12,276	12,276
Fixed assets	502,163	512,411
Trade receivables	—	4,139
Pledged bank deposits	2,760	20,000
	<u>517,199</u>	<u>548,826</u>

12. DIVIDEND

No dividend was declared or paid by the Company for the six months ended 30 June 2021 (2020: Nil).

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Group had no significant non-adjusting events subsequent to 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

Shusi (generic name: quetiapine fumarate tablets) is the Group’s major product in the area of CNS. It is the first proprietary product which is researched and developed, manufactured and sold by the Group. Shusi is mainly used for the treatment of schizophrenia and maniacal insultus as a result of bipolar affective disorder, which is an atypical antipsychotic first-tier drug. Shusi has been in the market for more than 15 years since its debut in 2003. It has developed a strong brand image which is widely recognised by clinical practitioners and the market.

Challenging economic conditions and the accelerated implementation of regulatory changes have further intensified competition in all aspects of the pharmaceutical industry, putting tremendous pressure on the Group’s results. In the first half of 2021, the Group still devoted much effort to the adjustment and restructuring of its sales model, tightening of cost control and improvement of its financial condition. The overall revenue of the Group from continuing operations for the Period Under Review increased by approximately RMB21.8 million to approximately RMB111.2 million, as compared with approximately RMB89.4 million for the corresponding period in 2020. Operating profit from continuing operations for the Period Under Review increased by approximately RMB49.8 million to approximately RMB28.3 million, as compared with an operating loss of RMB21.5 million for the corresponding period in 2020. The Group recorded a net loss of approximately RMB3.6 million for the Period Under Review, as compared with a net loss of approximately RMB48.5 million for the corresponding period in 2020.

OUTLOOK

Challenging economic conditions and the accelerated implementation of regulatory changes have further intensified competition in all aspects of the pharmaceutical industry, putting tremendous pressure on the Group's results.

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

In view of the uncertainty of the breadth and depth of the impact of the COVID-19 epidemic on the global and PRC economies, the management will continue to strive to adopt flexible strategies to respond to market changes and remain vigilant in controlling operating costs in order to enhance operational efficiency and maintain the Group's financial flexibility.

FINANCIAL REVIEW – CONTINUING OPERATIONS

Revenue

	For the six months ended 30 June				
	2021		2020		%
	RMB'000	%	RMB'000	%	Change
Proprietary products production and sales					
Shusi	92,441	83.1	69,640	77.9	32.7
Zhuo'ao	8,175	7.3	11,650	13.0	(29.8)
Others	10,617	9.6	8,146	9.1	30.3
Total	111,233	100.0	89,436	100.0	24.4

Revenue from manufacturing and sales of proprietary products increased by approximately RMB21.8 million to approximately RMB111.2 million, as compared with approximately RMB89.4 million in the corresponding period in 2020. The increase in revenue from manufacturing and sales of proprietary products was mainly due to the positive impact on propriety products Shusi brought by the market recovery during the Period Under Review.

Cost of Sales

For the six months ended 30 June 2021, cost of sales increased by approximately RMB6.9 million to approximately RMB39.6 million, as compared with approximately RMB32.7 million for the corresponding period in 2020. The increase in cost of sales was mainly due to the increase in sales of Shusi during the Period Under Review.

Gross Profit

Products	For the six months ended 30 June				
	2021	2021	2020	2020	
	Gross		Gross		%
	Gross Profit	Profit Margin	Gross Profit	Gross Profit Margin	Change
	RMB'000	%	RMB'000	%	
Proprietary products production and sales					
Shusi	66,804	72.3	52,424	75.3	27.4
Zhuo'ao	4,614	56.4	7,041	60.4	(34.5)
Others	243	2.3	(2,767)	(34.0)	108.8
Total	71,661	64.4	56,698	63.4	26.4

Gross profit increased by approximately RMB15.0 million to approximately RMB71.7 million for the six months ended 30 June 2021, as compared with approximately RMB56.7 million in the corresponding period in 2020. Gross profit margin increased by 1.0 percentage points to 64.4% for the six months ended 30 June 2021, as compared with 63.4% for the corresponding period in 2020. The increase in gross profit margin was mainly due to the improvement in overall pricing of the products.

Reportable Segments Operating Results

The Group recorded an operating loss of approximately RMB2.9 million for the six months ended 30 June 2021, as compared with approximately RMB9.5 million loss for the corresponding period in 2020.

Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs increased by approximately RMB4.9 million or 18.1% to approximately RMB31.9 million for the six months ended 30 June 2021, as compared to RMB27.0 million for the corresponding period in 2020. The increase in finance costs was mainly due to an increase in financing rates as compared with the corresponding period in 2020.

Taxation

There was no income tax expense for the six months ended 30 June 2021 (2020: Nil)

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2021 was approximately RMB2.7 million as compared to a net loss of approximately RMB83.2 million for the corresponding period in 2020.

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

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

Foreign Currency Exposure

The Group is exposed to currency risks primarily through sales made by the Group's Hong Kong and PRC subsidiaries, certain bank deposits and bank loans which are denominated in Hong Kong dollars. The Group recorded a net exchange loss of RMB17,000 for the six months ended 30 June 2021, while the net exchange profit of the Group for the corresponding period in 2020 was approximately RMB0.6 million. Currently, the Group does not employ any financial instruments to hedge foreign exchange risk.

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. Currently, the Group does not employ any financial instruments to hedge against interest rate risk.

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Total debt	(746,708)	(910,626)
Pledged bank deposits, cash and cash equivalents	<u>8,329</u>	<u>33,214</u>
Net debt	<u>(738,379)</u>	<u>(877,412)</u>

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Repayable in the following periods:		
Within 1 year or on demand	679,145	796,248
After 1 year but within 2 years	49,445	16,024
After 2 years but within 5 years	<u>—</u>	<u>29,611</u>
	<u>728,590</u>	<u>841,883</u>

The Group's bank borrowings in PRC as at 30 June 2021 were approximately RMB399.5 million (31 December 2020: approximately RMB464.9 million), with fixed interest rate of 4.35% per annum.

As at 30 June 2021, the Group's other borrowings amounted to approximately RMB329.1 million in aggregate (2020: approximately RMB377.0 million) with fixed interest rates ranging from 6.0% to 24.0% per annum.

Debt-to-Assets Ratio

To ensure its solvency and its ability to continue as a going concern, the Group closely monitors its debt-to-assets ratio to optimize its capital structure.

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Total debt	746,708	910,626
Total assets	1,123,143	1,295,069
Debt-to-assets ratio	<u>66.5</u>	<u>70.3</u>

Charges on the Group's Assets

As at 30 June 2021, the Group bank deposits of approximately RMB2.7 million (31 December 2020: approximately RMB20.0 million) were pledged to the banks to secure certain bank loans and bills payable. As at 30 June 2021, certain banking facilities of the Group were secured by the Group's fixed assets, which amounted to RMB514.4 million (31 December 2020: approximately RMB528.8 million).

Capital Commitments

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Contracted but not provided for — investment in associates	<u>20,000</u>	<u>380,000</u>

The Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within one year	150	510
After one year but within five years	—	—
	<u>150</u>	<u>510</u>

The Group is the lessee of a number of properties 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 its subsidiaries, the Group did not hold any significant investment in equity interest in any other company for the six months ended 30 June 2021.

Material Acquisition and Disposal

On 11 November 2020, NT Pharma (Group) Co., Ltd. (“**NT Group**”, a direct wholly-owned subsidiary of the Company) and Fortune Blaze Investments Limited (“**Fortune Blaze**”, an independent third party to the Company) entered into a sale and purchase agreement, pursuant to which, NT Group has agreed to sell and Fortune Blaze has agreed to purchase the entire issued share capital of The Mountains Limited, which holds 100% equity interest in NT Pharma (China) Co., Ltd. (“**NT Pharma (China)**”), at the estimated consideration of RMB126,847,000 minus the audited net assets value of NT Pharma (China) at the completion date in the first half of 2021. Details of the disposal are set out in the announcements of the Company dated 11 November 2020, 13 January 2021 and 8 February 2021.

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

Future Plans for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets for the six months ended 30 June 2021.

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2021, the Group had 210 full-time employees (30 June 2020: 348 employees). For the Period Under Review, the Group's total costs on remuneration, welfare and social security amounted to approximately RMB18.8 million (for the six months ended 30 June 2020: approximately RMB25.0 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 being reviewed annually. The Group also has a share option scheme adopted by the Company on 22 September 2014, and a share award scheme (the "**Share Award Scheme**") adopted on 4 September 2015, where options to subscribe for Shares and Share awards may be granted to the Directors and employees of the Group.

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 for the six months ended 30 June 2021.

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 six months ended 30 June 2021 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 is clearly defined. On the whole, the role of chairman is that of monitoring the duties and performance of the Board, whereas the role of chief executive officer is that of managing the Company’s business. The Board believes that at the current stage of development of the Company, vesting the roles of both chairman and chief executive officer in the same person provides the Company with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

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

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

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions on terms no less exacting than the requested standard set out in the Model Code. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Pan Fei, chairman of Audit Committee, Mr. Yu Tze Shan Hailson and Dr. Zhao Yubiao, who are all independent non-executive Directors. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021 and has recommended its adoption by the Board. The Audit Committee is of the opinion that the financial statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained sufficient public float of more than 25% of the Company’s issued share capital as required under the Listing Rules as of the date of this announcement.

PUBLICATION OF RESULTS

This unaudited interim results announcement has been published on our website at www.ntpharma.com and the website of the Stock Exchange at www.hkexnews.hk. The interim report will be dispatched to the shareholders of our Company and published on our website at www.ntpharma.com and the website of the Stock Exchange at www.hkexnews.hk in due course on or before 30 September 2021.

APPRECIATION

The Board would like to express our heartfelt gratitude towards the management team and staff for their commitment and diligence, and would like to thank our shareholders and business associates for their strong support to the Group.

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

Hong Kong, 31 August 2021

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