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ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China NT Pharma Group Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the previous year, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and reviewed by the audit committee of the Company as below. Due to the impact of the COVID-19 coronavirus outbreak, the review process of the Group’s annual results for the year ended 31 December 2021 has not yet been completed. Please refer to the paragraph headed “Scope of Work of the Independent Auditors” in this announcement for the reason of audit process not completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	<i>Note</i>	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Continuing operations			
Revenue	3	226,699	221,731
Cost of sales		<u>(79,699)</u>	<u>(86,827)</u>
Gross profit		147,000	134,904
Other revenue and other income	4	116,791	29,431
Other net losses	5(c)	(2,668)	(2,432)
Share of profit of associates, net		15,090	8
Reversal of impairment loss of property, plant and equipment		–	10,980
(Impairment loss)/reversal of impairment loss of trade receivables, net		(453)	1,390
Reversal of impairment loss/(impairment loss) of other receivables, net		7,374	(57,441)
Fair value change on financial liabilities at fair value through profit or loss		465	(11,265)
Selling and distribution expenses		(149,863)	(123,074)
Administrative expenses		(80,277)	(96,253)
Finance costs	5(a)	<u>(53,702)</u>	<u>(86,537)</u>
Loss before taxation	5	(243)	(200,289)
Income tax (expense)/credit	6	<u>(2,095)</u>	<u>9,020</u>
Loss for the year from continuing operations		(2,338)	(191,269)
Loss for the year from discontinued operation		<u>–</u>	<u>(168,644)</u>
Loss for the year		<u>(2,338)</u>	<u>(359,913)</u>
Attributable to:			
Equity holders of the Company		(542)	(357,599)
Non-controlling interests		<u>(1,796)</u>	<u>(2,314)</u>
Loss for the year		<u>(2,338)</u>	<u>(359,913)</u>

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Loss attributable to equity holders of the Company arises from:			
Continuing operations		(542)	(188,955)
Discontinued operation		—	(168,644)
		<u>(542)</u>	<u>(357,599)</u>
Loss per share	7		
From continuing and discontinued operations			
Basic		(0.03) cents	(18.95) cents
Diluted		(0.03) cents	(18.95) cents
		<u>(0.03) cents</u>	<u>(18.95) cents</u>
From continuing operations			
Basic		(0.03) cents	(10.01) cents
Diluted		(0.03) cents	(10.01) cents
		<u>(0.03) cents</u>	<u>(10.01) cents</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Loss for the year	(2,338)	(359,913)
<i>Item that may subsequently be reclassified to profit or loss:</i>		
– Exchange differences on translation of financial statements of entities outside the People’s Republic of China	29,089	(1,476)
– Exchange difference reclassified to profit or loss upon disposal of a subsidiary	–	16,170
– Revaluation surplus on leasehold land and buildings, net of tax	35,766	265,617
	<u>64,855</u>	<u>280,311</u>
Other comprehensive income for the year, net of tax	64,855	280,311
Total comprehensive income/(loss) for the year	<u>62,517</u>	<u>(79,602)</u>
Attributable to:		
Equity holders of the Company	64,313	(89,080)
Non-controlling interests	(1,796)	9,478
	<u>62,517</u>	<u>(79,602)</u>
Total comprehensive income/(loss) for the year attributable to equity holders of the Company arises from:		
Continuing operations	64,313	62,194
Discontinued operation	–	(151,274)
	<u>64,313</u>	<u>(89,080)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 (Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		534,073	537,828
Intangible assets		160,835	162,846
Interest in associates, net		265,180	16,899
Financial asset at fair value through profit or loss		521	537
		960,609	718,110
Current assets			
Inventories		32,136	27,287
Trade and other receivables	9	114,419	420,359
Pledged bank deposits		–	25,520
Cash and cash equivalents		9,443	7,694
		155,998	480,860
Assets of a disposal group classified as held for sale/assets classified as held for sale		–	96,099
		155,998	576,959
Current liabilities			
Contract liabilities		7,437	5,808
Trade and other payables	10	219,205	268,164
Bank and other borrowings	11	728,664	796,248
Lease liabilities		1,041	3,156
Financial liabilities at fair value through profit or loss		19,286	16,199
Current taxation		13,494	12,195
		989,127	1,101,770

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 <i>RMB'000</i> <i>(Audited)</i>
Liabilities of a disposal group classified as held for sale		—	54,666
		989,127	1,156,436
Net current liabilities		(833,129)	(579,477)
Total assets		1,116,607	1,295,069
Total assets less current liabilities		127,480	138,633
Non-current liabilities			
Bank and other borrowings	11	21,462	45,635
Lease liabilities		—	6,416
Financial liabilities at fair value through profit or loss		—	472
Deferred tax liabilities		70,995	63,688
		92,457	116,211
NET ASSETS		35,023	22,422
CAPITAL AND RESERVES			
Share capital		1	1
Reserves		35,022	16,278
Total equity attributable to equity holders of the Company		35,023	16,279
Non-controlling interests		—	6,143
TOTAL EQUITY		35,023	22,422

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. PRINCIPAL ACTIVITIES OF REPORTING ENTITY

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

The consolidated financial statements are presented in Renminbi ("RMB"), 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 consolidated 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 requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

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

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

- Financial assets at fair value through profit or loss; and
- Financial liabilities at fair value through profit or loss.

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

The preparation of consolidated 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 may have significant effect on the consolidated financial statements and major sources of estimation uncertainty.

Going concern basis

The Group incurred a loss attributable to the equity shareholders of RMB542,000 for the year ended 31 December 2021 and, as at 31 December 2021, the Group's current liabilities exceeded its current assets by RMB833,129,000. 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; (b) 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 potential investor(s); and (c) a substantial shareholder of the Company 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, and will not demand immediate repayment from the Company until the Group will have sufficient working capital to operate as a going concern 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 cash flow forecast (included the available credit facilities of the Group and the above measures adopted up to date), 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, 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. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

(c) **Changes in accounting policies**

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

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

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

3. REVENUE

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

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

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

4. OTHER REVENUE AND OTHER INCOME

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Bank interest income	239	2,835
Government grants and subsidies (<i>note below</i>)	2,143	1,503
Net exchange gain	6,661	16,131
Sundry income	923	288
Reversal of over-accrued expenses in previous years	–	8,215
Gain on waive of other payable	200	–
Gain on early termination of leases	357	–
Gain on disposal of subsidiaries	45,073	–
Gain on disposal of partial equity interest in an associate	601	–
Net gain on disposal of property, plant and equipment	10,594	–
Gain on disposal of intangible asset	50,000	–
Gain on deregistration of a subsidiary	–	459
	116,791	29,431

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

5. PROFIT/LOSS BEFORE TAXATION

Profit/loss before taxation is arrived at after charging:

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
(a) Finance costs:		
Interest on bank and other borrowings	47,748	78,797
Interest on convertible bonds	2,239	2,029
Imputed interest payable to non-controlling shareholders of a subsidiary	3,087	3,087
Interest on lease liabilities	542	1,198
Bank charges	86	1,426
	<u>53,702</u>	<u>86,537</u>
	<u><u>53,702</u></u>	<u><u>86,537</u></u>
	Continuing operations	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
(b) Staff costs		
Contributions to defined contribution retirement plans	4,015	9,082
Salaries, wages and other benefits	27,706	46,388
Equity-settled share-based payment expenses	84	101
	<u>31,805</u>	<u>55,571</u>
	<u><u>31,805</u></u>	<u><u>55,571</u></u>

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

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

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

	Continuing operations	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
(c) Other net losses		
Net loss on disposal of property, plant and equipment	–	160
Costs on litigation settlement	1,463	2,272
Compensation for early termination of lease	1,017	–
Sundry expenses	188	–
	<u>2,668</u>	<u>2,432</u>

	Continuing operations	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
(d) Other items		
Cost of inventories	79,699	86,827
Depreciation of property, plant and equipment	37,803	18,721
Depreciation of right-of-use assets	2,121	3,631
Amortisation of an intangible asset	1,972	2,045
Auditors' remuneration:		
– audit services	1,409	1,511
– non-audit services	–	711
Operating lease charges in respect of properties	379	3,008
Research and development costs	5,959	8,996
	<u>5,959</u>	<u>8,996</u>

6. INCOME TAX

	Continuing operations	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Current tax – PRC Corporate Income Tax		
Provision for the year	2,095	155
Over provision in respect of prior years	–	(9,175)
	<u>2,095</u>	<u>(9,020)</u>
Income tax expense/(credit)	<u>2,095</u>	<u>(9,020)</u>

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB542,000 (2020: RMB357,599,000) and the weighted average number of 1,889,613,000 ordinary shares (2020: 1,887,047,000) in issue during the year.

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Loss attributable to equity shareholders of the Company	(542)	(188,955)
Loss from discontinued operation attributable to equity shareholders of the Company	—	(168,644)
	<u>(542)</u>	<u>(357,599)</u>

Weighted average number of ordinary shares (basic)

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

(b) Diluted loss per share

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

8. 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 one reportable segment:

- Proprietary products production and sales: revenue from production and sales of NT branded products and generic drugs through the Company's subsidiaries.

An operation of selling and marketing Miacalcic branded products and sub-licensing of intellectual property rights and distribution rights of Miacalcic Injection and Miacalcic Nasal Spray was discontinued in 2020. The following segment information does not include any amount for the discontinued operation, which is described in more details in note 7.

(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 finance costs, certain administrative costs and directors' remuneration. Taxation is not allocated to reportable segments. This is measure reported to the Group's most senior executive management for the purpose of resources allocation and performance assessment.

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

Continuing operations

	Continuing operation Proprietary products production and sales	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Reportable segment revenue from external customers	226,699	221,731
Reportable segment gross profit	147,000	134,904
Reportable segment results	(2,997)	(25,351)
Other revenue:		
– Government grants and subsidies	2,143	1,239
– Sundry income	1,122	157
– Bank interest income	239	1,477
– Gain on deregistration of a subsidiary	–	459
– Reversal of over-accrued expenses in previous years	–	8,215
– Net gain on disposal of property, plant and equipment	11,330	–
– Gain on disposal of intangible asset	50,000	–
Other net loss:		
– Net cost on disposal of property, plant and equipment	–	(160)
– Costs on litigation settlement	(1,463)	(2,272)
Share of (loss)/profit of an associate	(12)	8
Depreciation and amortisation	(41,202)	(25,393)
(Impairment loss)/reversal of impairment loss of trade receivables, net	(453)	1,390
Reversal of impairment loss of property, plant and equipment	–	10,980
Reversal of impairment loss/(impairment loss) of other receivables, net	7,374	(57,441)
Reportable segment assets	833,585	803,609
Additions to non-current segment assets during the year	431	2,800
Reportable segment liabilities	640,450	760,745
Reportable segment capital commitments	20,000	20,000

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

	Continuing operations	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue		
Reportable segment revenue	<u>226,699</u>	<u>221,731</u>
Loss		
Reportable segment operating loss	(2,997)	(25,351)
Unallocated head office and corporate expenses	(9,863)	(95,020)
Other revenue – unallocated	51,356	17,884
Other net loss – unallocated	(1,205)	–
Share of profit of an associate	15,102	–
Gain on disposal of partial equity in an associate	601	–
Fair value change on financial liabilities at fair value through profit or loss	465	(11,265)
Finance costs	<u>(53,702)</u>	<u>(86,537)</u>
Consolidated loss before taxation (continuing operations)	<u><u>(243)</u></u>	<u><u>(200,289)</u></u>
Assets		
Reportable segment assets	833,585	803,609
Assets of a disposal group classified as held for sales	–	79,833
Assets classified as held for sales	–	16,266
Assets relating to discontinued operation	–	370,422
Investment in an associate	248,293	–
Unallocated head office and corporate assets	<u>34,729</u>	<u>24,939</u>
Consolidated total assets	<u><u>1,116,607</u></u>	<u><u>1,295,069</u></u>
Liabilities		
Reportable segment liabilities	640,450	760,745
Deferred tax liabilities	70,995	63,688
Liabilities of a disposal group classified as held for sales	–	54,666
Liabilities relating to discontinued operation	–	91,289
Unallocated head office and corporate liabilities	<u>370,139</u>	<u>302,259</u>
Consolidated total liabilities	<u><u>1,081,584</u></u>	<u><u>1,272,647</u></u>

(c) **Geographic information**

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

	Revenue from external customers				Non-current assets*			
	2021		2020		2021		2020	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
PRC	226,699	-	221,731	53,836	709,538	-	712,792	-
Hong Kong	-	-	-	19,529	250,550	-	4,781	-
Other countries	-	-	-	6,377	-	-	-	-
	<u>226,699</u>	<u>-</u>	<u>221,731</u>	<u>79,742</u>	<u>960,088</u>	<u>-</u>	<u>717,573</u>	<u>-</u>

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

(d) **Information from major customers**

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

For the year ended 31 December 2021

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

For the year ended 31 December 2020

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

9. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade debtors and bills receivable	648,525	652,102
<i>Less: Loss allowance (note (b))</i>	<u>(626,558)</u>	<u>(626,138)</u>
	21,967	25,964
Deposits, prepayments and other receivables <i>(note (c))</i>	<u>92,452</u>	<u>394,395</u>
	<u>114,419</u>	<u>420,359</u>

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

(a) Ageing analysis

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

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Within 3 months	14,840	17,973
More than 3 months but within 6 months	922	7,159
More than 6 months but within 1 year	<u>6,205</u>	<u>832</u>
	<u>21,967</u>	<u>25,964</u>

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

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
At 1 January	626,138	620,373
Impairment loss recognised during the year	453	6,323
Exchange differences	(33)	(558)
	<hr/>	<hr/>
At 31 December	626,558	626,138
	<hr/> <hr/>	<hr/> <hr/>

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

The Group uses a provision matrix to calculate lifetime ECLs for trade receivables. The provision rates are based on invoice date for groupings of the customers. The provision matrix is initially based on the Group's historical observed bad debt rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical bad debt rates are adjusted. At each reporting date, the historical observed bad debt rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed bad debt rates, forecast economic conditions and lifetime ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual credit loss in the future. Due to the slow down of the economy, deleveraging and the government regulations on the medicine industry in the PRC, the Group experienced defaults in payments by its customers. The Group has recognised a provision for impairment of trade receivables of RMB453,000 (2020: RMB6,323,000) during the year ended 31 December 2021.

(c) Deposits, prepayments and other receivables

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Consideration receivable	57,110	360,000
VAT recoverable	5,294	5,703
Other receivables, net of allowance for impairment loss	5,980	6,841
Prepayments	20,421	20,016
Advances paid to suppliers	3,388	306
Rental and other deposits	259	1,529
	<hr/>	<hr/>
	92,452	394,395
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade creditors	44,630	41,177
Bills payable (<i>note (a)</i>)	–	5,520
	<hr/>	<hr/>
Total trade creditors and bills payable (<i>note (b)</i>)	44,630	46,697
Accrued staff costs	2,697	2,475
Accrued promotional expenses	35,350	94,552
Other tax payable	5,839	2,905
Interest payable	39,967	26,818
Considerations payable	–	4,971
Refundable earnest deposit (<i>note (c)</i>)	–	1,000
Other payables and accruals	90,722	88,746
	<hr/>	<hr/>
	219,205	268,164
	<hr/> <hr/>	<hr/> <hr/>

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

Notes:

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

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

- (c) On 11 November 2020, the Group entered into an agreement (the “Disposal Agreement”) with Fortune Blaze Investments Limited, an independent third party, to dispose of its entire equity interest in The Mountains Limited and its subsidiary (the “Disposal”). Fortune Blaze Investments Limited paid RMB1,000,000 as a refundable earnest deposit. The Disposal was completed on 2 June 2021 and the refundable earnest deposit was refunded during the year ended 31 December 2021.

11. BANK AND OTHER BORROWINGS

Details of bank and other borrowings are as follows:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Current		
Secured bank borrowings	369,448	395,000
Unsecured bank borrowings	–	69,861
Secured other borrowings	102,590	57,400
Unsecured other borrowings		
– Redeemed CPSs	187,412	192,984
– Convertible bonds	10,317	–
– Other borrowings	44,120	68,957
– Corporate bonds	14,777	12,046
	<u>728,664</u>	<u>796,248</u>
Non-current		
Secured other borrowings	7,500	21,771
Unsecured other borrowings		
– Other borrowings	3,600	–
– Corporate bonds	10,362	14,951
– Convertible bonds	–	8,913
	<u>21,462</u>	<u>45,635</u>
Carrying amount payable:		
– Within one year	728,664	796,248
– After one but within two years	21,462	16,024
– After two but within five years	–	29,611
Total borrowings	750,126	841,883
Less: Current portion of borrowings due for repayment within one year	<u>(728,664)</u>	<u>(796,248)</u>
Non-current borrowings	<u>21,462</u>	<u>45,635</u>

Notes:

- (i) As at 31 December 2021, secured bank borrowings carry interest rates was 4.35% per annum.

As at 31 December 2020, secured bank borrowings carry interest rates ranged from 4.35% to 5.44% per annum and unsecured bank borrowing carry interest rates ranged from 4.79% to 6.75% per annum. The unsecured bank borrowings were guaranteed by certain subsidiaries of the Company.

- (ii) Secured other borrowings carry interest rates ranged from 12% to 15% (2020: 7% to 14%). Unsecured other borrowings carry interest rates ranged from 5% to 35% (2020: 5% to 15%) per annum and were guaranteed by certain subsidiaries of the Company.

- (iii) As at 31 December 2021, secured bank and other borrowings were secured by the following assets of the Group:

	2021 RMB'000 (Unaudited)	2020 <i>RMB'000</i> (Audited)
Intellectual property rights	10,731	12,276
Fixed assets	618,205	512,411
Trade receivables	984	4,139
Pledged bank deposits	–	20,000
	<hr/> 629,920 <hr/>	<hr/> 548,826 <hr/>

- (iv) As at 31 December 2021, the Group had banking facilities of RMB369,448,000 (2020: RMB450,000,000), which were utilised to the extent of RMB369,448,000 (2020: RMB445,000,000).

12 DISPOSAL OF SUBSIDIARIES

On 11 November 2020, the Group entered into an agreement (the “**Disposal Agreement**”) with Fortune Blaze Investments Limited, an independent third party, to dispose of its entire equity interest in The Mountains Limited and its subsidiary (the “**Disposal Group**”) at a consideration of RMB85,891,000. The Disposal Group was principally engaged in the holding of land and building in the PRC. The Disposal was completed on 2 June 2021.

Net assets at the date of disposal:

	<i>RMB</i>
Property, plant and equipment	72,166
Land use right	8,466
Cash and cash equivalents	<u>186</u>
	80,818
Liabilities at the date of disposal:	
Bank borrowing	<u>(40,000)</u>
Net assets disposal of	<u><u>40,818</u></u>
Total consideration	85,891
Net assets disposal of	<u>(40,818)</u>
Gain on disposal of subsidiaries	<u><u>45,073</u></u>
Consideration was satisfied by:	
Cash consideration received	78,891
Cash consideration receivable	<u>7,000</u>
Total consideration	<u><u>85,891</u></u>
Net cash inflow arising on disposal:	
Cash consideration received	78,891
Cash and cash equivalents disposal of	<u>(186)</u>
Net cash inflow on disposal of subsidiaries	<u><u>78,705</u></u>

13. DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

In the year of 2021, the Group devoted much effort to the adjustment and restructuring of its sales model, tightening of cost control and improvement of its financial condition. The overall revenue of the Group from continuing operations for the year ended 31 December 2021 (the “**Year under Review**”) increased by RMB5 million to RMB226.7 million, as compared with RMB221.7 million for the corresponding period in 2020. Operating profit of RMB53.5 million from continuing operations was generated for the year ended 31 December 2021, as compared with an operating loss of RMB113.8 million for the corresponding period in 2020. The Group recorded a loss of RMB2.3 million for the year ended 31 December 2021, as compared with a loss of RMB191.3 million for the corresponding period in 2020, representing a decrease of 98.8% year on year.

BUSINESS REVIEW

The outbreak of novel coronavirus pneumonia (“**COVID-19**”) epidemic had a significant impact on the economy. Despite the tremendous downward pressure on China’s economic growth, the pharmaceutical industry was able to maintain its growth momentum and the benefits of growing market demand and the government’s increased investment in the pharmaceutical industry, which is evolving in the direction of high-quality and innovation-driven development.

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. For the Year under Review, the revenue of the Group was RMB226.7 million, representing an increase of 2.3% as compared to RMB221.7 million recorded for the corresponding period in 2020. Operating profit of approximately RMB53.5 million from continuing operations was generated for the Period Under Review, as compared with an operating loss of RMB113.8 million for the corresponding period in 2020. The Group recorded a net loss of approximately RMB2.3 million for the Period Under Review, as compared with a net loss of approximately RMB359.9 million for the corresponding period in 2020.

OPERATING RESULTS

Sales

The Group's business is currently composed of one major operating segment, i.e. manufacturing and sales of proprietary products.

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

HUMAN RESOURCES

As at 31 December 2021, the Group had 212 full-time employees (31 December 2020: 224 full-time employees). For the year ended 31 December 2021, the Group's total cost on remuneration, welfare and social security amounted to RMB31.8 million (31 December 2020: RMB55.6 million). The Group maintains good relationships with its employees and certain policies have been carried out to ensure that the employees are receiving competitive remuneration, good welfare and continuous professional training. The remuneration structure of the Group is based on employee performance, local consumption levels and prevailing conditions in the human resources market. Directors' remunerations are determined with reference to individual Director's experience, responsibilities and prevailing market standards. On top of basic salaries, bonuses may be paid according to the Group's performance as well as individual's performance. Other staff benefits include contributions to the Mandatory Provident Fund retirement benefits scheme in Hong Kong and various retirement benefits schemes including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees of the Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded according to their individual performances within the framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme (the "**Share Option Scheme**") adopted by the Company on 22 September 2014, and a share award scheme (the "**Share Award Scheme**") adopted on 4 September 2015, where options to subscribe for shares and share awards may be granted to the Directors and employees of the Group, respectively.

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.

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

FINANCIAL REVIEW – CONTINUING OPERATIONS

Revenue

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

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

Cost of Sales

For the year ended 31 December 2021, cost of sales decreased by RMB7.1 million to RMB79.7 million, as compared with RMB86.8 million for the corresponding period in 2020.

Gross Profit

Products	For the year ended 31 December			
	2021	2021	2020	2020
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Proprietary products production and sales				
Shusi	137,227	72.1%	125,957	69.3%
Zhuo'ao	8,105	49.5%	13,509	60.7%
Others	1,668	8.4%	(4,562)	(26.5)%
Total	147,000	64.8	134,904	60.8%

Gross profit increased by RMB12.1 million to RMB147.0 million for the year ended 31 December 2021, as compared with RMB134.9 million in the corresponding period in 2020. Gross profit margin increased by 4 percentage points to 64.8% for the year ended 31 December 2021, as compared with 60.8% for the corresponding period in 2020. The increase in gross profit margin was mainly due to the increase in sales contribution of products with higher gross profit margin such as Shusi as a result of the change in sales model and business partner which resulted in an increase of revenue of the relevant products with higher gross profit.

Reportable Segments Operating Loss

The operating expenses of the Group decreased by RMB10.3 million or 6.4% to RMB150.0 million for the year ended 31 December 2021, as compared with RMB160.3 million for the corresponding period in 2020. The Group reported an operating loss of RMB3.0 million for the year ended 31 December 2021, as compared with an operating loss of RMB25.4 million for the corresponding period in 2020. The following table sets forth a breakdown of the Group's adjusted EBITDA by reportable segments for the year ended 31 December 2021:

	For the year ended 31 December			
	2021 <i>RMB'000</i> (Unaudited)	2021 (%) (Unaudited)	2020 <i>RMB'000</i> (Audited)	2020 (%) (Audited)
Proprietary products production and sales	<u>38,967</u>	<u>17.2</u>	<u>45,113</u>	<u>20.3</u>
Total	<u>38,937</u>	<u>17.2</u>	<u>45,113</u>	<u>20.3</u>

Finance Costs

The Group's finance costs consist of interest on bank borrowings and bank charges. Finance costs decrease by RMB32.8 million or 37.9% to RMB53.7 million for the year ended 31 December 2021, as compared with RMB86.5 million for the corresponding period in 2020. The decrease in finance costs was mainly due to decrease in the outstanding of interest-bearing borrowing for the Year under Review as compared with the corresponding period in 2020.

Taxation

Income tax expense was RMB2.1 million for the year ended 31 December 2021 as compared with the income tax credit of RMB9.0 million for the corresponding period in 2020.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the year ended 31 December 2021 was RMB0.5 million as compared with the loss attributable to equity holders of the Company of RMB357.6 million for the corresponding period in 2020. Both the basic and diluted loss per share from continuing and discontinued operations for the year ended 31 December 2021 were RMB0.03 cents as compared with RMB18.95 cents for the year ended 31 December 2020.

Loss attributable to equity holders of the Company from continuing operations for the year ended 31 December 2021 was RMB0.5 million as compared with the loss attributable to equity holders of the Company from continuing operations of RMB189.0 million for the corresponding period in 2020. Both the basic and diluted loss per share from continuing operation for the year ended 31 December 2021 were RMB0.03 cents as compared with RMB10.01 cents for the year ended 31 December 2020.

Capital Expenditure

Total capital expenditure spent for the year ended 31 December 2021 decreased by RMB3.3 million or 89.2% to RMB0.4 million, as compared with RMB3.7 million for the corresponding period in 2020, which was mainly used for acquiring property, plant and equipment in Suzhou.

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

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

Foreign Currency Exposure

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

Interest Rate Exposure

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

Group Debt and Liquidity

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Total debt	(770,453)	(910,626)
Time deposits, pledged bank deposits, cash and cash equivalents	<u>9,443</u>	<u>33,214</u>
Net debt	<u><u>(761,010)</u></u>	<u><u>(877,412)</u></u>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Repayable:		
– Within one year	728,664	796,248
– After one but within two years	21,462	16,024
– After two but within five years	<u>–</u>	<u>29,611</u>
	<u><u>750,126</u></u>	<u><u>841,883</u></u>

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

Save as disclosed above, as at 31 December 2021, the Group had other borrowings of RMB380.7 million (2020: RMB377.0 million).

Debt-to-Assets Ratio

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Total debt	770,453	910,626
Total assets	1,116,607	1,295,069
Debt-to-assets ratio	69.0%	70.3%

Charges on the Group's Assets

As at 31 December 2021, none of the Group's bank deposits (31 December 2020: RMB25.5 million) were pledged to the banks to secure certain bank loans and bills payable. As at 31 December 2021, certain banking facilities of the Group were secured by the Group's intellectual property rights, fixed assets and trade receivables, which amounted to RMB629.9 million (31 December 2020: RMB528.8 million).

Capital Commitments

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

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within one year	–	510

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

Significant Investments Held

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

Material Acquisition and Disposal

On 11 November 2020, NT Pharma (Group) Co., Ltd. (“**NT Group**”, a direct wholly-owned subsidiary of the Company) and Fortune Blaze Investments Limited (“**Fortune Blaze**”, an independent third party to the Company) entered into a sale and purchase the entire issued share capital of The Mountains Limited, which holds 100% equity interest in NT Pharma (China) Co., Ltd. (“**NT Pharma (China)**”), at the estimated consideration of RMB126,847,000 minus the audited net assets value of NT Pharma (China) at the completion date. The disposal transaction was completed on 2 June 2021 and The Mountains Limited and NT Pharma (China) ceased to be subsidiaries of the Company.

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

Future Plans for Material Investments and Capital Assets

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

Contingent Liabilities

As at 31 December 2021, the Group had no material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

FINAL DIVIDENDS

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

REVIEW OF UNAUDITED ANNUAL RESULTS BY AUDIT COMMITTEE

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to the COVID-19 coronavirus outbreak. The results contained herein have not been agreed by the Company's auditors, Crowe (HK) CPA Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with the HKFRSs.

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

SCOPE OF WORK OF THE INDEPENDENT AUDITORS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

FURTHER ANNOUNCEMENT(S) AND ANNUAL REPORT

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF ANNUAL RESULTS

The unaudited annual results announcement is published on websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ntpharma.com). Any further announcement(s) relating to the Company's annual results will also be published on the same websites in due course. The Annual Report containing all the information as required by the Listing Rules will be despatched to the shareholders and made available for review in the same websites on or before 30 May 2022. The Company will dispatch notice of the proposed date of the forthcoming annual general meeting of the Company (the "2022 AGM") and the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2022 AGM.

APPRECIATION

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

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2022

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