中国泰凌医药集团
CHINA NT PHARMA GROUP

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

SUPPLEMENTAL ANNOUNCEMENT
RESTRUCTURING OF SUZHOU FIRST PHARMA

Reference is made to the announcements of the Company dated 2 May 2023, 25 July 2023 and 21 August 2023 in relation to the restructuring of Suzhou First Pharma (collectively, the "**Announcements**"), and the Company's circular dated 23 August 2022 in relation to licensing of commercialization rights of Orticumab (the "**Circular**"). Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used in this announcement.

FURTHER DETAILS ABOUT THE RESTRUCTURING OF SUZHOU FIRST PHARMA

According to the judgment (the "**Judgment**") of the People's Court of Suzhou Industrial Park of Jiangsu Province (江蘇省蘇州工業園區人民法院), Jiangsu LITAI Law Firm (江蘇立泰律師事務所) (i.e. the Administrator) was appointed as the administrator of the Restructuring with the following responsibilities:

1. taking over the property, seals, account books and documents of Suzhou First Pharma;

2. investigating the financial status of Suzhou First Pharma and preparing a report on its financial condition;

3. determining the internal management affairs of Suzhou First Pharma;

4. determining Suzhou First Pharma's daily and necessary expenditures;

5. making decision to continue or terminate Suzhou First Pharma's operations prior to the initial meeting of creditors;

6. managing and disposing of Suzhou First Pharma's assets;

7. representing Suzhou First Pharma in litigation, arbitration or any other legal proceedings;

8. proposing the convening of a creditors' meeting; and

9. performing any other duties that the court may deem necessary for the Administrator.

The Administrator is responsible for fulfilling all duties as stipulated in the Enterprise Bankruptcy Law of the PRC (中華人民共和國企業破產法). It reports to the People's Court and is under the supervision of creditors' meeting and the creditors' committee. On the other hand, the Company and the Board has no role or responsibility in the Restructuring, other than the Company being the holding company of the entities which are defendants in the Lawsuits, and that the Company and the Board must ensure that the funds obtained from the Restructuring will be used solely for the repayment of debts.

Prior to the commencement of the Restructuring, the financial position of Suzhou First Pharma is as follows:

	For the year ended 31 December 2022	**Percentage contribution to the Group**
	RMB'000	*%*
Revenue	207,092	100.0
Profit before tax	53,072	–97.7
Total assets (before adjustment)	1,179,020	
Less:		
Long-term equity investment in related parties	(137,450)	
Amounts due from intra-group companies	(711,450)	
Total assets (adjusted)	330,120	32.8
Net assets (before adjustment)	556,803	
Less:		
Long-term equity investment in related parties	(137,450)	
Amounts due from intra-group companies	(711,450)	
Amounts due to intra-group companies	286,552	
Net liabilities (adjusted)	(5,545)	2.3

The Investors solicited by the Administrator are Jiangsu Zhengji Pharmacy Co., Ltd.* (江蘇正濟藥業股份有限公司, "**Jiangsu Zhengji**"), a limited liability company established in the PRC which is primarily engaged in the production and sale of pharmaceutical products, and Suzhou Amerigen Pharmaceuticals Company Limited* (蘇州愛美津製藥有限公司), a wholly-owned subsidiary of Jiangsu Zhengji which is primarily engaged in the generic pharmaceutical business.

Jiangsu Zhengji is directly owned as to (i) 40.02% by Xu Jun (徐俊), an independent third party, (ii) 21.97% by Acesys Pharmatech (Nanjing) Ltd.* (愛斯醫藥科技(南京)有限公司), (iii) 16.01% by Shanghai Shuoyue Investment Management Co., Ltd.* (上海碩越投資管理有限公司), (iv) 10% by Huaian Zhengcheng Equity Investment Center (Limited Partnership)* (淮安正誠股權投資中心(有限合夥)), (v) 6.4% by Kunshan Zhengji Medicinal Chemistry Co., Ltd.* (昆山正濟醫藥化學有限公司) and (vi) 5.6% by Li Feng (李峰), an independent third party.

Acesys Pharmatech (Nanjing) Ltd.* (愛斯醫藥科技(南京)有限公司) is held as to 42% by Ye Yuanzan (葉援贊), 30% by Xu Jun (徐俊) and 28% by Niu Siping (牛思平), all of whom are independent third parties.

Shanghai Shuoyue Investment Management Co., Ltd.* (上海碩越投資管理有限公司) is owned as to 50% by Yu Fang (俞芳) and 50% by Ma Qi (馬奇), both are independent third parties.

The general partner of Huaian Zhengcheng Equity Investment Center (Limited Partnership)* (淮安正誠股權投資中心(有限合夥)) is Xu Jun (徐俊), an independent third party and the limited partners include Li Feng (李峰), Fang Liyong (房立用), Wen Mai (文邁), He Minrong (何敏榮), Mou Weidong (繆衛東), Qu Bo (屈波) and Ye Xiaomin (葉曉敏), all are independent third parties.

Kunshan Zhengji Medicinal Chemistry Co., Ltd.* (昆山正濟醫藥化學有限公司) is owned as to 80% by Xu Jun (徐俊) and 20% by Kou Huailan (寇懷蘭), both are independent third parties.

Pursuant to the Restructuring Plan, the existing external equity investment of Suzhou First Pharma (the "**Existing Subsidiaries**") will be excluded from the Acquisition for the 1st Distribution and the Acquisition for the 2nd Distribution. Details of the Existing Subsidiaries are set out below:

No.	Name of the Existing Subsidiary	Shareholding held by Suzhou First Pharma	Capital contribution by Suzhou First Pharma *(RMB million)*	Asset ratio compared to the Group	Revenue ratio compared to the Group
1	NT Biopharmaceutical Jiangsu Co., Ltd.* (泰凌生物製藥江蘇有限公司)	89%	100	22.76%	0.00%
2	Jiangsu Tailing Investment Co., Ltd.* (江蘇泰凌投資有限公司)	100%	50	0.95%	0.00%
3	Guangdong NT Pharma Co., Ltd.* (廣東泰凌醫藥有限公司)	75%	15	0.00%	0.00%
4	NT (Beijing) Pharma Technology Development Co., Ltd.* (泰凌(北京)醫藥科技開發有限公司)	100%	10	13.94%	0.00%
5	First Pharma (Suzhou) Co., Ltd.* (第壹醫藥(蘇州)有限公司) *(Note)*	100%	1	N/A	N/A

Note: This subsidiary has no operations.

Pursuant to the Restructuring Plan, the Existing Subsidiaries will not be acquired by the Investors, but to be monetized by the Administrator. Any Existing Subsidiaries which have undergone or will undergo bankruptcy liquidation, restructuring or forced liquidation shall be disposed of in accordance with applicable rules and regulations. In respect of the remaining Existing Subsidiaries whose equity interests can be legally transferred, the equity interests shall be transferred to other investors by way of auction. In the event that such equity interests cannot be disposed of after up to five rounds of auctions, the Administrator shall carry out the liquidation process, as well as the necessary procedures for business deregistration of such Existing Subsidiaries through self-liquidation, bankruptcy liquidation, compulsory liquidation or other appropriate means. The disposals of the Existing Subsidiaries will not constitute notifiable transactions or connected transactions as regulated under Chapters 14 and 14A of the Listing Rules pursuant to FAQ Series 9 No.3. Since the Restructuring Plan was approved in the Court's decision dated 21 July 2023, the Group is bound to follow the Restructuring Plan and has no discretion to act in an opposite manner, therefore such disposals shall not be regarded as "transactions" under Chapters 14 and 14A of the Listing Rules.

After the creditors' rights reporting and review and confirmation by relevant authorities, the confirmed amount of the Group's outstanding debts is approximately RMB612 million and the amount of the debts pending review and confirmation is approximately RMB179 million (the "**Existing Debts of the Group**"). As stated in the announcement of the Company dated 25 July 2023, the 1st Distribution Amount is RMB355 million which cannot fully repay the Existing Debts of the Group in full. Therefore, the proceeds from the Acquisition for the 2nd Distribution and from the monetization to be carried out by the Administrator (collectively, the "**Proceeds of the 2nd Distribution**") shall be used to further repay the Existing Debts of the Group. However, it is expected that the Proceeds of the 2nd Distribution are still not sufficient to fully repay the remaining Existing Debts of the Group, therefore the funds to be provided by the Investor under the Restructuring Plan can only settle the corresponding portion of such Existing Debts of the Group.

Upon completion of the Restructuring Plan, the total assets and liabilities of the Company will be reduced. The Company will make further announcement on the progress of the Restructuring Plan and the financial impact to the Group as and when appropriate.

Given that the Group has already strategically redirected its primary business focus, which is set out in further details below, the Directors are of the view that the Group is able to continue with its business operations upon completion of the Restructuring Plan and maintain a sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules.

BUSINESS PLAN OF THE GROUP

The Distribution Service & the Bone Disease Business

The Group was previously the largest vaccine supply and sales service provider in China, serving over 20,000 grassroots medical institutions and possessing rich experience in grassroots pharmaceutical promotion, excellent grassroots management teams, and resources. Having dedicated over eight years to promoting its presence in the field of bone disease treatment, the Group has successfully served a vast network of more than 10,000 specialized medical institutions. Leveraging its extensive experience in terminal pharmaceutical promotion, excellent team management, and a well-established distribution network, the Group is well-positioned to seize the current era of national emphasis on orthopedic development. Commencing in 2023, the Group has strategically redirected its primary focus and allocated resources towards establishing itself as a leading "Professional Bone Disease Treatment and Management Platform (骨健康全程治療與管理平台)". This strategic shift will capitalize on the Group's core capabilities and resources, allowing it to cater to the entire spectrum of bone-related healthcare needs with utmost professionalism and expertise.

The Group has commenced (i) the supply of bone disease healthcare products; and (ii) the digital healthcare for bone disease business. It also intends to commence the (i) distribution of bone disease treatment products and (ii) distribution of other agent products.

(i) Supply of bone disease healthcare products

The Group has been authorized by Jing Mei Holdings Limited ("**Jing Mei Holdings**") to sell certain bone disease healthcare products, e.g. JOINT JM, SOBER JM, LIVER JM, in Asia. Jing Mei Holdings is primarily engaged in manufacture and distribution of health supplements and health food. Jing Mei Holdings is owned as to 60% by Ms. Ng Anna Ching Mei, daughter of Mr. Ng Tit, a director of the Company, and as to 40% by an independent third party. Accordingly, Jing Mei Holdings is a connected person of the Company. The Group started to purchase from Jing Mei Holdings since the second half of 2023 and currently expects that the transactions with Jing Mei Holdings will constitute fully exempt continuing connected transactions of the Company for the year ending 31 December 2023. As at the date of this announcement, the aggregate amount of purchases by the Group from Jing Mei Holdings amounted to approximately RMB2.6 million (equivalent to approximately HK$2.8 million). In the event that the transactions with Jing Mei Holdings will constitute non-exempt connected transactions of the Company, the Company will comply with the announcement, circular and/or shareholders approval requirements under Chapter 14A of the Listing Rules, as applicable.

The aforementioned bone disease healthcare products can be sold in the Asian region. Given that the Group is currently focusing on expanding its presence in the PRC market, the Group has adopted a cross-border e-commerce approach, procuring inventories in China's bonded warehouses and making products available for sale on prominent online platforms such as JD Worldwide, Tmall Global, Meituan and Youzan. Through these online channels, the Group targets and engages bone health consumers in China. In addition to selling these products on online stores operated by the Group, the Group also sells its products to distributors specialized in the relevant health products, which will resell these products to their customers through their own channels. For example, on 30 June 2023, the Group entered into a sales contract with Beijing Bohui Technology Co., Ltd. (北京伯暉科技有限公司) ("**Bohui**"), pursuant to which the Group sold certain bone disease healthcare products to Bohui for a total consideration of approximately RMB10 million. Bohui is primarily engaged in supply chain services, technology services and development, among others. It is an independent third party of the Company.

(ii) Digital healthcare for bone disease

Regarding its digital healthcare business, the Group provides consulting services to corporate clients. For example, pursuant to a marketing consultation agreement entered into with Jing Mei Holdings in June 2023, the Group provides industry analysis and support services to Jing Mei Holdings. Such services will be provided according to requests from Jing Mei Holdings from time to time, and the parties will determine the fee for each project separately.

(iii) Distribution of bone disease treatment products and other agent products

The Group is in discussion with a pharmaceutical R&D company to formalize new business arrangements in relation to distribution of bone disease treatment products. The Group is also in active discussions and negotiations with various drug manufacturers on the terms of agency agreements and expects to enter into formal agreements with various drug manufacturers in the 4th quarter of 2023. The Group will leverage on its brand and resources to establish and undertake the promotion of bone health-related products in PRC hospitals, pharmacies, and e-commerce platforms through existing channels.

The Company is a comprehensive pharmaceutical enterprise focusing on drug research and development, production, and sales integration. Over years of operations, the Group has established long-term cooperative relationships with different stakeholders in the industry and developed a strong sales team specialising in different types of drug products. The Board is of the view that all these will enable the Group to continue with its business focusing on bone disease. In view of the Restructuring and the change of business focus, the Company is in the course of restructuring its sales function and will make further announcement as and when appropriate.

Development of Orticumab

The progress in relation to the licensing of commercialization rights of Orticumab is set forth below:

Time	**Event**
September 2022	Signing of the Consultancy Agreements
From September to October 2022	CMC leadership to discuss and seek consultation on pharmaceutical matters within the department
From November 2022 to February 2023	Optimizing purification methods and production processes
From January 2023 to May 2023	Replicating the pharmacological efficacy findings of non-clinical research components
February 2023	Issuance of the Consideration Shares
February 2023 to May 2023	Two Consultants are conducting preclinical research on non-systemic arthritis
March 2023 to May 2023	Optimizing quality control analysis methods
June 2023	Completion of the Licensing Agreement

Since the dispatch of the Circular, the Company has been consulting the Center for Drug Evaluation of National Medical Products Administration of the PRC (國家藥品監督管理局藥品評估中心) (the "**CDE**") on the regulatory requirements on, among others, data collection and product development while the Licensor was undergoing phase II of clinical trial, and preparing the related research data, program development and data preparation for submission to The United States Food and Drug Administration (the "**FDA**"). The CDE has advised the Company on certain requirements on incidence rate of relevant indications and sample collection. Although the Company has been in active discussions with research and development companies including the Licensor on such requirements, the patient recruitment and collection of clinical data, as mandated by the CDE, has been significantly challenged by the ongoing COVID-19 pandemic which has caused the delay in completion of phase II of the clinical trial. Nevertheless, with the anticipated alleviation of the pandemic, a conductive environment for data collection is expected to emerge, thereby resolving the current difficulties and thus the Company expects that phase II of the clinical trial will be completed by the end of 2025.

If the development of Orticumab or other monoclonal antibody fields is successful, it is expected that it shall take 18 months for obtaining the regulatory approval for applying the product/the fields for treatment of atherosclerotic cardiovascular diseases, and at least a further 12 months upon the approval for the product to be launched and sold in the market.

Upon obtaining the regulatory approval, production arrangements of the product will need to be made. Besides, as the target market for the commercialization of the product as a prescription drug is mainly hospitals, it is necessary to develop the hospital market and prepare for the supply of goods to hospitals. Hospitals in China need to hold a pharmaceutical meeting to discuss whether such produce can be prescribed in the hospital. While the time for each hospital's pharmaceutical meeting is different, in general each hospital holds a pharmaceutical meeting only once a year. Therefore, the Company expects that it takes at least 12 months for an approved drug to be commercialized and launched for sale in the market.

Based on the assumption and inference above, the timetable for the Orticumab or other monoclonal antibody fields up until product commercialization as set out in page 17 of the Circular is expected to be updated in the manner below:

End of 2025	Completion of Phase II of clinical trial of atherosclerotic cardiovascular diseases
Mid-2027	Completion of Phase III of clinical trial of atherosclerotic cardiovascular diseases
End of 2028	Approval from related regulators for the Product for treatment of atherosclerotic cardiovascular diseases
Beginning of 2030	Sale of the Product for treatment of atherosclerotic cardiovascular diseases

In terms of further financing by the Group into the project, as disclosed in the Circular, the Company has entered into a framework agreement with the Chibi Municipal Government on 29 April 2022, with a view to establishing a joint venture to advance the development of Orticumab or other monoclonal antibody fields. It is contemplated under the said framework agreement that the collaboration with the Chibi Municipal Government will begin after the FDA clinical trials are completed. As the FDA clinical trials have been delayed, the collaboration with the Chibi Municipal Government will also be accordingly delayed. Detailed terms of the establishment of the joint venture, including but not limited to the shareholding structure and exit mechanism, are still under discussions and negotiations with the Chibi Municipal Government, which are still ongoing at present. Further, the Company are in active discussions with certain funds to explore their interests in investing into the project.

Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 September 2023

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

* *For identification purposes only*