
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China NT Pharma Group, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company.



**(1) CONNECTED TRANSACTION IN RELATION TO
LOAN CAPITALIZATION INVOLVING SUBSCRIPTION OF
SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser



Alliance Capital Partners Limited
同人融資有限公司

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Capitalized terms used in this cover page have the same meanings as defined in this circular unless otherwise defined.

A letter from the Board is set out on pages 6 to 24 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-36 of this circular.

A notice convening the EGM to be held at Office 1101-02, 11/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Monday, 17 February 2025, 10:45 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions stated thereon and return it to the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish. In such event, the form of proxy shall be deemed to be revoked. If the EGM fails to be held due to any severe weather occurs on the date of the EGM, the EGM may be delayed to a later date and/or time as decided by the Company. The Company will make announcements on the respective websites of the Stock Exchange and the Company in this regard as and when appropriate.

28 January 2025

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	IBC-1
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	IFA-1
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1
APPENDIX III — PROFIT WARNING ANNOUNCEMENT AND REPORTS THEREON	III-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement dated 28 November 2024 issued by the Company in relation to the Loan Capitalization and the transactions contemplated thereunder including the Subscription, the Specific Mandate and the Whitewash Waiver
“associate(s)”	has the meaning ascribed thereto under the Listing Rules or the Takeovers Code, as the context requires
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or a day on which typhoon signal no. 8 or above or a black rainstorm warning is hoisted at any time in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China NT Pharma Group Company Limited (stock code: 1011), a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Stock Exchange
“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Court”	People’s Court of Suzhou Industrial Park of Jiangsu Province (江蘇省蘇州工業園區人民法院)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened on Monday, 17 February 2025, 10:45 a.m. at Office 1101-02, 11/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate), and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors formed in compliance with Rule 2.8 of the Takeovers Code and the Listing Rules to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver
“Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver

DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) the Subscriber A and Subscriber B and their respective concert parties who are required under the Listing Rules and the Takeovers Code to abstain from voting at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver; and (ii) those who are interested in or involved in the Subscription and the Whitewash Waiver
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Last Trading Day”	27 November 2024, being the last day of trading of the Shares on the Stock Exchange preceding the signing of the Subscription Agreement
“Latest Practicable Date”	24 January 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement A”	the loan agreement dated 1 January 2023 entered into between the Company, as borrower, and Subscriber A, as lender
“Loan Agreement B”	the loan agreement dated 31 October 2019 (as supplemented by two supplemental loan agreements dated 25 September 2020 and 1 June 2021 respectively) entered into between, among others, NT (China) Investment Co., Ltd.* (泰凌(中國)投資有限公司), a former subsidiary of the Company, as borrower, and Subscriber B, as lender
“Loan Capitalization”	the partial settlement of the loans in the amount of HK\$87.00 million under the Loan Agreement A and HK\$48,351,648.35 under the Loan Agreement B pursuant to the Subscription Agreement
“Long Stop Date”	31 March 2025
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Restructuring”	the debt restructuring proposal relating to Suzhou First Pharma approved by the Court
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.0000008 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for granting of the authority to the Board for the allotment and issuance of the 410,156,509 Subscription Shares pursuant to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Golden Base Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber B”	Mr. Jeong Iat, the son of Mr. Jeong Chong Mang and Ms. Shum Ning, both being substantial shareholders of the Company
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription”	the subscription of the 263,636,363 Subscription Shares by Subscriber A and 146,520,146 Subscription Shares by Subscriber B pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into by the Company, Subscriber A and Subscriber B on 28 November 2024 in relation to the Subscription
“Subscription Price”	HK\$0.33 per Subscription Share

DEFINITIONS

“Subscription Share(s)”	the total of 410,156,509 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Suzhou First Pharma”	Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司), a former wholly owned subsidiary of the Company
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified and from time to time
“Whitewash Waiver”	the waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of Subscriber A and Subscriber B to make a mandatory general offer to the Shareholders in respect of all issued Shares and other securities of the Company not already owned or agreed to be acquired by Subscriber A and/or Subscriber B and their respective concert parties which may be triggered upon completion of the Subscription
“%”	per cent

- * The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names prevail.

LETTER FROM THE BOARD



中国泰凌医药集团
CHINA NT PHARMA GROUP

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

Executive Directors:

Mr. Ng Tit (*Chairman*)
Ms. Ng Anna Ching Mei

Non-executive Directors:

Dr. Qian Wei
Ms. Chin Yu

Independent non-executive Directors:

Mr. Yu Tze Shan Hailson
Mr. Ng Ming Kwan
Dr. Zhao Yubiao

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal Place of Business and
Headquarters in Hong Kong:*

Suite 3613
36/F Cosco Tower
183 Queen's Road Central
Hong Kong

28 January 2025

To the Shareholders

**(1) CONNECTED TRANSACTION IN RELATION TO
LOAN CAPITALIZATION INVOLVING SUBSCRIPTION OF
SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other matters, (i) details of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription, the Loan Capitalization, granting of the Specific Mandate and the Whitewash Waiver; (ii) a letter of advice from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; (iv) financial information of the Group; (v) a notice of EGM together with the form of proxy; and (vi) other information as required under the Listing Rules and the Takeovers Code.

LETTER FROM THE BOARD

THE LOANS

As at the Latest Practicable Date, the Company was indebted to:

- (i) Subscriber A in the aggregate outstanding principal amount of approximately HK\$82.10 million and accrued interest of approximately HK\$15.69 million under the Loan Agreement A entered into on 1 January 2023. The shareholder's loans under Loan Agreement A are unsecured and bear interest at the rate of 12% per annum without any fixed repayment date. Such shareholder's loans were provided to the Group by Subscriber A for the purpose of the Group's general working capital requirement; and
- (ii) Subscriber B in the aggregate outstanding principal amount of approximately RMB45.00 million (equivalent to approximately HK\$49.45 million) and accrued interest of approximately RMB1.31 million (equivalent to approximately HK\$1.44 million) under the Loan Agreement B and the Restructuring of Suzhou First Pharma, a former subsidiary of the Company. The loans under Loan Agreement B are secured by certain assets of Suzhou First Pharma and one of its subsidiaries and bear interest at the rate of 15% per annum and were due on 16 June 2022. Such loans were provided by Subscriber B to NT (China) Investment Co., Ltd., being a subsidiary of the Company and a fellow subsidiary of Suzhou First Pharma prior to the completion of the Restructuring and the repayment obligations were assumed by the Company upon the disposal of NT (China) Investment Co., Ltd. by the Company to an Independent Third Party in December 2023. Based on (a) the Restructuring relating to Suzhou First Pharma approved by the Court; (b) the outstanding principal amount of the relevant loans and accrued interest thereon as at 27 April 2023 confirmed by the administrator appointed by the Court of the Restructuring; (c) the subsequent repayment amount received by Subscriber B from the Court; and (d) the amount to be repaid to Subscriber B from the sale of relevant assets under the Restructuring as estimated by the Directors based on (A) the proposed selling price of such assets on an independent auction platform; and (B) the estimated proceeds to be allocated to Subscriber B on a pro rata basis among all the creditors under the Restructuring, the remaining outstanding amount of loan for which the Company is liable to Subscriber

LETTER FROM THE BOARD

B as at the Latest Practicable Date was approximately RMB44.00 million (equivalent to approximately HK\$48.35 million), as further illustrated below:

RMB

The outstanding principal amount and accrued interest	
as at 27 April 2023 confirmed by the administrator	
appointed by the Court of the Restructuring	60,788,761.26
– The subsequent repayment amounts received by	
Subscriber B from the Court	14,479,593.10
– The estimated amount to be repaid to Subscriber B	
from the sale of relevant assets under the Restructuring	<u>2,309,168.16</u>

The remaining outstanding amount of loan that the Company is liable to Subscriber B	<u>44,000,000.00</u>
--	-----------------------------

The outstanding amount of loan that the Company is liable to Subscriber B as at the Latest Practicable Date, i.e. the subject of the loan capitalization in relation to the Loan Agreement B, is deduced based on an estimation of a further repayment from the Court to Subscriber B, which represents the remaining balance of the loans. Subscriber B expects to receive further repayment from the Court for the remaining balance of the loans. Subscriber B has undertaken in the Subscription Agreement that it will not make any further claim against the Company for the remaining balance of approximately RMB2.31 million (equivalent to approximately HK\$2.54 million) (which was calculated based on RMB46.31 million (the approximate total outstanding principal amount and accrued interest) – RMB44.00 million (the approximate outstanding amount of loan for which the Company is liable to Subscriber B as at the Latest Practicable Date)), regardless of whether there will be sufficient repayment amount from the Court, or at all.

On 28 November 2024 (after trading hours), the Company entered into the Subscription Agreement with Subscriber A and Subscriber B, pursuant to which the Company has conditionally agreed to allot and issue to (i) Subscriber A, and Subscriber A has conditionally agreed to subscribe for, 263,636,363 new Shares at the Subscription Price of HK\$0.33 per Subscription Share for a total consideration of HK\$86,999,999.79, which shall be satisfied by way of offsetting HK\$87.00 million in the outstanding principal amount and the accrued interest of the shareholder's loans under the Loan Agreement A; and (ii) Subscriber B, and Subscriber B has conditionally agreed to subscribe for, 146,520,146 new Shares at the Subscription Price of HK\$0.33 per Subscription Share for a total consideration of HK\$48,351,648.18, which shall be satisfied by way of offsetting HK\$48,351,648.35 in the outstanding principal amount and the accrued interest of the loans under the Loan Agreement B.

Upon Completion, HK\$87.00 million and HK\$48,351,648.35 in the outstanding principal amount and the accrued interest (if any) of the loans under the Loan Agreement A and the Loan Agreement B, respectively, shall be deemed to have been repaid. The respective remaining balance, including any interest accrued thereunder as at the Latest Practicable Date shall be

LETTER FROM THE BOARD

HK\$10,787,752.37 under the Loan Agreement A, and HK\$2,537,547.43 under the Loan Agreement B, which Subscriber B has undertaken in the Subscription Agreement not to claim against the Company in any event.

BACKGROUND OF THE RESTRUCTURING

In June 2023, the creditors of Suzhou First Pharma have approved a plan for the Restructuring (the “**Restructuring Plan**”) during the first creditors’ meeting, which was subsequently approved by the Court in July 2023. Pursuant to the Restructuring Plan and the judgment by the Court, the investors (the “**Investors**”) solicited by the administrator appointed by the Court (the “**Administrator**”) shall acquire the entire equity interests in Suzhou First Pharma, and the corresponding properties (other than those to be excluded), equipment and other fixed assets, intangible assets, production permits and operation permits, etc. for a total consideration of RMB1. The Investors shall also provide RMB355 million (the “**Settlement Amount**”) to Suzhou First Pharma for settlement of, among others, the outstanding debts of Suzhou First Pharma. As such, in August 2023, an equity transfer agreement was entered into with the Investors and the equity transfer of Suzhou First Pharma was deemed to be completed and Suzhou First Pharma was no longer a subsidiary of the Company since then. The Investors are Independent Third Parties and have no other relationship with the Company, any of its directors or substantial shareholders.

The loans provided by Subscriber B under the Loan Agreement B were secured by certain assets of Suzhou First Pharma and one of its subsidiaries. Thus, Subscriber B was entitled to and received certain repayment as a result of the Restructuring. Nevertheless, the Settlement Amount was merely a sum of money provided by the Investors, as part of the Restructuring, to settle the outstanding debts of Suzhou First Pharma, and was not correlated with the subject of the Second Loan Capitalization which was the outstanding amount owed by the Company (in substitution of NT (China) Investment Co., Ltd. upon its disposal) to Subscriber B.

For more details on the Restructuring, please refer to the announcements of the Company dated 2 May 2023, 25 July 2023, 21 August 2023 and 14 September 2023.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

Date: 28 November 2024

Parties: (a) the Company as issuer;
(b) Subscriber A as subscriber; and
(c) Subscriber B as subscriber.

LETTER FROM THE BOARD

As at the Latest Practicable Date, each of Subscriber A and Subscriber B is a connected person of the Company.

Total Consideration:	An aggregate sum of HK\$135,351,647.97, comprising (i) HK\$86,999,999.79 which shall be satisfied by way of offsetting the outstanding loan amount of HK\$87.00 million under the Loan Agreement A; and (ii) HK\$48,351,648.18 which shall be satisfied by way of offsetting the outstanding loan amount of HK\$48,351,648.35 under the Loan Agreement B
Number of Subscription Shares to be issued:	410,156,509 Shares
Subscription Price per Subscription Share:	HK\$0.33
Par Value of the Subscription Shares:	US\$0.0000008 each

The Subscription Shares

The Subscription Shares will be issued at the Subscription Price per Subscription Share under the Subscription, which represents:

- (a) approximately 155.31% of the existing issued share capital of the Company as at the date of the Announcement; and
- (b) approximately 60.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to the Completion other than the issue of the Subscription Shares.

410,156,509 Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

When determining the number of Subscription Shares, the Company and the Subscriber have taken into account the public float requirement under Rule 8.08 of the Listing Rules and the amount of Shareholder's Loans. Accordingly, for the purpose of maximizing the capitalization of the Shareholder's Loans, the Company intends to issue the highest possible number of Subscription Shares while ensuring that the interest held by the Subscriber does not exceed 75%.

LETTER FROM THE BOARD

Ranking

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue.

The Subscription Price

The Subscription Price of HK\$0.33 represents:

- (a) a premium of approximately 29.41% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 17.50% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on 4 October 2024, being the last trading date prior to the announcement made pursuant to Rule 3.7 of the Takeovers Code dated 9 October 2024;
- (c) a premium of approximately 6.45% to the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 13.79% to the average closing price of HK\$0.29 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (e) a premium of approximately 10.92% to the average closing price of HK\$0.298 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (f) there is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) given that the theoretical diluted price of approximately HK\$0.318 per Share is higher than the benchmarked price of approximately HK\$0.30 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$0.30 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK\$0.29 per Share);
- (g) a premium of approximately HK\$1.77 over the unaudited net liabilities per Share of approximately HK\$1.44 (equivalent to approximately RMB1.31) as at 30 June 2024 based on the unaudited net liabilities of the Group of RMB346,415,000 (representing HK\$380,675,824.18) and 2,640,895,063 Shares in issue as at 30 June 2024 which was consolidated into 264,089,506 Shares after the share consolidation of every ten shares into one consolidated share effective on 3 July 2024; and

LETTER FROM THE BOARD

- (h) a premium of approximately HK\$1.74 over the audited net liabilities per Share of approximately HK\$1.41 (equivalent to approximately RMB1.28) as at 31 December 2023 based on the net liabilities of the Group of RMB339,565,000 (representing HK\$373,148,351.65) and 2,640,895,063 Shares in issue as at 31 December 2023 which was consolidated into 264,089,506 Shares after the share consolidation of every ten shares into one consolidated share effective on 3 July 2024.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to (i) the recent and historical market prices of the Shares, in particular, the closing prices of the Shares for the last 30 trading days prior to the date of the Subscription Agreement were within the range of HK\$0.25 to HK\$0.40 per Share, with an average of HK\$0.33 per Share; (ii) the outstanding amount of the loans under the respective Loan Agreements, amounting to approximately HK\$135.35 million in aggregate, which is significantly higher (i.e. approximately 70.84% higher) than the market capitalization of the Company (being approximately HK\$79.23 million on the date of the Subscription Agreement); (iii) the relatively low trading volume of the Shares when compared to the number of Shares to be issued under the Loan Capitalization (being 410,156,509 Shares); the average trading volume of the Shares for the one year period from 28 November 2023 to 27 November 2024 (being 856,165.49 Shares) was approximately 479.06 times of the average trading volume mentioned above; and (iv) the poor financial position of the Group, having considered that the unaudited net liabilities of the Group of approximately RMB346,415,000 as at 30 June 2024 and total comprehensive loss attributable to the owners of the Company from continuing operations for the year ended 31 December 2023 of approximately RMB36.3 million; which suggested that it would be difficult for the Company to pursue sizeable equity financing alternative in the stock market.

Conditions of the Subscription

Completion of the Subscription is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the passing by the Board of all necessary resolutions approving the Subscription Agreement and the transactions contemplated thereunder (including the Loan Capitalization and the Subscription), the Specific Mandate and the Whitewash Waiver;
- (b) the passing by the Independent Shareholders, as required under the Listing Rules and the Takeovers Code, of all necessary resolutions by at least 75% in respect of the Whitewash Waiver and more than 50% in respect of the underlying transactions (i.e. the Subscription, the Loan Capitalization, and the Specific Mandate), at the EGM;
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Shares to be subscribed by the Subscribers and such approval and permission having not subsequently been revoked prior to the commencement of dealings in such Shares on the Stock Exchange;

LETTER FROM THE BOARD

- (d) the allotment, issue and subscription of the Shares to be subscribed by the Subscribers not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the SFC) which is applicable to the Company;
- (e) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (f) the warranties and representations given by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect at Completion; and
- (g) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder respectively having been obtained.

In respect of condition (d), as at the Latest Practicable Date, the Company was not aware of any prohibition from the allotment, issue and subscription of the Subscription Shares by any statute, order, rule, regulation, ruling, directive or request. In respect of condition (g), as at the Latest Practicable Date, save for the approvals set out in conditions (a), (b) and (c), the Company was not aware of other approvals or consents that require to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, other than condition (a) in respect of Board's approval, none of the above conditions has been fulfilled or waived. Save that Subscriber A and Subscriber B have the rights to waive condition (f) in respect of warranties and representations given by the Company under the Subscription Agreement, none of the above conditions can be waived by any party to the Subscription Agreement. In particular, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

Completion of the Subscription

Completion shall take place within two Business Days (or such other date and time as may be agreed by the Company and the Subscribers) upon the satisfaction or (if applicable) waiver of the conditions under the Subscription Agreement, upon which the Company shall allot and issue the Subscription Shares to each of the Subscribers.

Upon Completion, HK\$87.00 million and HK\$48,351,648.35 in the outstanding principal amount and the accrued interest (if any) of the loans under the Loan Agreement A and the Loan Agreement B, respectively, shall be deemed to have been fully repaid. The respective remaining balance, including any interest accrued thereunder as at the Latest Practicable Date shall be HK\$10,787,752.37 under the Loan Agreement A, and HK\$2,537,547.43 under the Loan

LETTER FROM THE BOARD

Agreement B, which Subscriber B has undertaken in the Subscription Agreement not to claim against the Company in any event.

Termination of the Subscription Agreement

If the above-mentioned conditions are not fulfilled or waived (if applicable) by the Subscriber in writing on or before the Long Stop Date, the Subscription Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise, except that such termination shall not affect the then accrued rights and obligations of the parties.

SPECIFIC MANDATE

The allotment and issue of the Subscription Shares are subject to approval by the Independent Shareholders at the EGM to be convened and held. Resolution(s) will be proposed at the EGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in two main areas, namely investment and physical pharmaceutical business. The investment business focuses on investing in internationally leading innovative targeted drugs and pharmaceutical companies' equity. At the same time, the Group is digitizing and diversifying its existing physical pharmaceutical assets and business, with the aim of creating a specialized digital pharmaceutical group focused on bone health. The Group principally operates in Hong Kong and Mainland China.

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

PROFIT ESTIMATE

Reference is made to the profit warning and inside information announcement issued by the Company on 8 January 2025 regarding the update on financial information of the Group (the "Profit Estimate").

LETTER FROM THE BOARD

The Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and is therefore required to be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code. In view of the requirements of timely disclosure of inside information under Rule 13.09(2)(a) of the Listing Rules and pursuant to Part XIVA of the SFO, the Company was required to issue the Profit Estimate as soon as practicable and given the time constraints, the Company encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Please refer to Appendix III headed "Profit Warning Announcement and Reports thereon" to this circular for the Profit Estimate and relevant reports in relation to the above.

INFORMATION OF THE SUBSCRIBERS

Subscriber A

Subscriber A is Golden Base Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company, holding 40,562,533 Shares, representing approximately 15.36% of the issued share capital of the Company as at the Latest Practicable Date. Subscriber A is principally engaged in investment holding and has no other significant investment, assets or business operation as at the Latest Practicable Date. As at the Latest Practicable Date, Subscriber A was legally and beneficially owned as to 50% by Mr. Ng Tit, the Chairman and an executive Director of the Company, and 50% by Ms. Chin Yu, a non-executive Director of the Company and the spouse of Mr. Ng Tit.

Subscriber B

Subscriber B is Mr. Jeong Iat, son of Mr. Jeong Chong Mang and Ms. Shum Ning. Mr. Jeong Chong Mang and Annie Investment Co. Ltd., a company legally and beneficially and wholly owned by Ms. Shum Ning, are substantial shareholders of the Company, which are, in aggregate, interested in 54,932,300 Shares, representing approximately 20.8% of the issued share capital of the Company as at the Latest Practicable Date.

Subscriber A, its ultimate beneficial owners and parties acting in concert with it on one hand, are parties acting in concert with Subscriber B and parties acting in concert with him, on the other hand.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT

As disclosed in the annual report of the Company for the year ended 31 December 2023 and the interim results announcement of the Company for the six months ended 30 June 2024, (i) notwithstanding that the Group turned from significant loss of RMB145,009,000 for the year ended 31 December 2023 into profit for the six months ended 30 June 2024 of RMB661,000, the Group had significant net liabilities as at 30 June 2024. The net current liabilities and net liabilities as at 30 June 2024 were approximately RMB667,211,000 and RMB346,415,000,

LETTER FROM THE BOARD

respectively. The debt-to-assets ratio of the Group as at 30 June 2024 (which is calculated by total debt of RMB527,300,000 divided by total assets of RMB338,764,000) was approximately 155.65%; (ii) the cash and bank balances were significant lower than the total borrowings and the amount of financial guarantee contracts. The Group's total borrowings amounted to approximately RMB356,133,000 as at 30 June 2024, of which approximately RMB352,878,000 will be due for repayment within the next twelve months from 30 June 2024, while its unrestricted cash and bank balances amounted to approximately RMB5,791,000 as at 30 June 2024; (iii) with recent sluggish stock market sentiment, thin trading volume of the Shares and net liabilities position of the Group, the Group had difficulties in finding investors or placing agents for equity financing with significant fund raising size for repayment of loans; and (iv) net liabilities position of the Group had made the Company difficult to obtain additional bank borrowings or debt financing for its business and operations.

Furthermore, as disclosed in the annual report of the Company for the year ended 31 December 2023, the auditors of the Group have considered the operation of the Group on a going concern basis. However, the net current liabilities and net liabilities positions of the Group, as well as the financial condition that the total borrowings exceeding the unrestricted cash and bank balances indicated the existence of material uncertainties which may cast doubt on the Group's ability to continue as a going concern.

The aggregated loan amounts to be capitalized under the Loan Capitalization are approximately HK\$135.35 million (equivalent to approximately RMB123.17 million), which represents approximately 24.12% of total debt of approximately RMB527.30 million as at 30 June 2024. Upon completion of the Loan Capitalization, and assuming the Completion took place on 30 June 2024, the net debt and total debt of the Group as at 30 June 2024 would be reduced to approximately RMB398.34 million and RMB404.13 million. Debt-to-assets ratio would be reduced from approximately 155.65% to 119.30%.

The Directors consider that the Loan Capitalization is beneficial to the Company as it will significantly reduce liabilities of the Group which have been overdue, repayable on demand and/or due for repayment within the next twelve months from 30 June 2024, and therefore will reduce liquidity pressure and improve the financial conditions of the Group. Furthermore, the potential reduction of the annual interest expenses after the Loan Capitalization is approximately HK\$10.44 million based on the interest rate of 12%. Such interest expenses are significant when compared to the profit of the Group of RMB661,000 for the six months ended 30 June 2024, and therefore the Loan Capitalization will also improve the profitability of the Group. As at the Latest Practicable Date, the loans under Loan Agreement B were overdue. Pursuant to Loan Agreement B, the lender was entitled to a default interest rate of 4 times of the loan prime rate for the outstanding amounts. Pursuant to the Notice of Debt Claim Determination issued by the Administrator to the lender, the outstanding principal amount of approximately RMB45.00 million (equivalent to approximately HK\$49.45 million) and accrued interest of approximately RMB1.31 million (equivalent to approximately HK\$1.44 million) was confirmed.

LETTER FROM THE BOARD

Mr. Ng Tit, the Chairman and an executive Director of the Company, was the one responsible for participating in the negotiation and discussion of the terms and conditions of the Subscription with the Subscribers. He was interested in the Shares through his interest in Subscriber A and spouse interest of Ms. Chin Yu. Other than Mr. Ng Tit, no other Directors had any involvement in the negotiation and discussion on the Loan Capitalization.

The Company has considered other financing methods such as debt financing and equity financing. The Company has discussed with various banks, financial institutions and funds with a view to obtaining debt financing. The Company either received no feedback or was rejected. Regarding equity financing, the Company has considered conducting placing for fund raising purpose but has not been able to find placing agents or underwriters to conduct placing with a significant amount of fund raising. While both an open offer and a rights issue would allow Shareholders to subscribe for new Shares and maintain their respective pro-rata shareholdings in the Company, these methods require additional time and incur higher costs. Moreover, finding an underwriter willing to underwrite any unsubscribed Shares with a significant fund raising size is difficult, given the net liabilities position and poor financial performance of the Group. Save as disclosed in this announcement, no other financing methods were considered by the Company.

Having considered the above, the Directors (other than Mr. Ng Tit and Ms. Ng Anna Ching Mei, the two executive Directors, and Ms. Chin Yu and Dr. Qian Wei, the two non-executive Directors, who have material interest in the Loan Capitalization under the Subscription Agreement and have abstained from voting on the resolutions in relation thereto) consider that the Loan Capitalization and the terms of the Subscription Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER'S OPINION

The Independent Financial Adviser considered the Subscription Price to be fair and reasonable so far as the Independent Shareholders are concerned and the potential dilution effect on the shareholding interests of the existing minority Shareholders being acceptable. For details of the Independent Financial Adviser's analysis, please refer to the letter of the Independent Financial Adviser set out in this circular.

LETTER FROM THE BOARD

FUTURE INTENTIONS OF THE SUBSCRIBERS REGARDING THE GROUP

Upon Completion, Subscriber A will become a controlling shareholder (as defined under the Listing Rules) of the Company whereas Subscriber B will become a substantial shareholder (as defined under the Listing Rules) of the Company. The Subscribers consider and confirm that:

- (a) it is intended that the Group will continue with its existing business following the Completion;
- (b) they share the view of the Board as disclosed in the paragraph headed “Reasons for and benefits of the Subscription Agreement” above, in which it is mentioned that the Subscription is in the interests of the Group; and
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group’s employees and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

USE OF PROCEEDS

As the Subscription Price will be satisfied by way of offsetting part of the outstanding amount of the shareholder’s loans under the respective Loan Agreements owed by the Company to the Subscribers, there will be no cash proceeds (or any other form of proceeds save for set-off of outstanding loans) from the allotment and issue of the Subscription Shares available to be utilized by the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, other than 264,089,506 Shares in issue and 2,020,000 share options granted under the Company’s share option scheme adopted on 22 September 2014, the Company has no outstanding convertible securities, options or warrants in issue or derivatives which confer any right to subscribe for, convert or exchange into Shares.

LETTER FROM THE BOARD

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after completion of the Subscription assuming that there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the Completion, are set out below:

	As at the Latest Practicable Date		Immediately after completion of this Subscription	
	<i>Number of shares</i>	<i>%⁽¹⁾</i>	<i>Number of shares</i>	<i>%⁽²⁾</i>
Subscriber A and parties acting in concert with it				
Subscriber A ⁽³⁾	40,289,200	15.26	303,925,563	45.08
Ms. Chin Yu	273,333	0.10	273,333	0.04
Subtotal	40,562,533	15.36	304,198,896	45.12
Subscriber B and parties acting in concert with it				
Subscriber B ⁽⁴⁾	–	–	146,520,146	21.73
Mr. Jeong Chong Meng	54,762,300	20.74	54,762,300	8.12
Annie Investment Co., Ltd.	170,000	0.06	170,000	0.03
Subtotal	54,932,300	20.80	201,452,446	29.88
Subscriber A, Subscriber B and parties acting in concert with each of them				
	95,494,833	36.16	505,651,342	75.00
Mr. Yu Tze Shan Hailson ⁽⁵⁾	15,000	0.01	15,000	0.002
Public shareholders				
Dr. Wang Minzhi ⁽⁶⁾⁽⁷⁾	46,372,286	17.56	46,372,286	6.88
Other public shareholders⁽⁷⁾	122,207,387	46.27	122,207,387	18.13
Total issued Shares	264,089,506	100.00	674,246,015	100.00

Notes:

(1) These percentages are calculated based on 264,089,506 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

- (2) These percentages are calculated based on 674,246,015 Shares in issue upon completion of the Subscription (assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares).
- (3) Subscriber A was legally and beneficially owned as to 50% by Ms. Chin Yu and 50% by Mr. Ng Tit, the spouse of Ms. Chin Yu.
- (4) Subscriber B is the son of Mr. Jeong Chong Mang and Ms. Shum Ning, who wholly owns Annie Investment Co. Ltd.
- (5) Mr. Yu Tze Shan Hailson is an independent non-executive Director of the Company. Save as disclosed herein, no other Directors held any Shares as at the Latest Practicable Date. Mr. Yu Tze Shan Hailson has informed the Company that he intended to vote for the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate and/or the Whitewash Waiver at the EGM.
- (6) Dr. Wang Minzhi is one of the substantial shareholders of the Company and an external consultant of the Group, providing consultancy services to the Company on research for innovative orthopedic medical devices and drugs to meet patient needs. He has no relationship with any of the Subscribers, their respective ultimate beneficial owners and/or parties acting in concert with any of them.
- (7) Shares counted towards the public float of the Company upon completion of the Subscription. Assuming that there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the Completion, approximately 25.01% of the total issued Shares will be held in public hands.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, Subscriber A and Subscriber B were parties acting in concert. Subscriber A and Subscriber B, together with their respective concert parties hold 95,494,833 Shares in aggregate, representing approximately 36.16% of the issued share capital of the Company. The shareholding of Subscriber A, Subscriber B and parties acting in concert with each of them will increase to approximately 75.00% of the issued share capital of the Company immediately after completion of the Subscription and assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares, thereby triggering an obligation on Subscriber A and Subscriber B under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by Subscriber A, Subscriber B or parties acting in concert with each of them, unless the Whitewash Waiver is granted by the Executive.

LETTER FROM THE BOARD

Subscriber A together with Subscriber B have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization, and the Specific Mandate), at the EGM. If the Whitewash Waiver is granted by the Executive and is approved by the Independent Shareholders and completion of the Subscription having taken place, each of Subscriber A (together with parties acting in concert with it) and Subscriber B (together with parties acting in concert with it) will be interested in approximately 45.12% and 29.88% in the Company respectively. As such, each of them remains subject to the restrictions under Rule 26 of the Takeovers Code on an individual basis including, in respect of Subscriber A and parties acting in concert with it, the 2% creeper rule under Rule 26.1 of the Takeovers Code.

Each of Subscriber A and Subscriber B, their respective associates, any parties acting in concert with each of them, and the Shareholders who are involved in or interested in the Whitewash Waiver and/or the underlying transactions, will be required to abstain from voting in respect of the resolutions to approve the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate) at the EGM. As at the Latest Practicable Date, save for Subscriber A, Subscriber B, Ms. Chin Yu, Mr. Jeong Chong Mang and Annie Investment Co., Ltd., there are no Shareholders who are involved in or interested in the Whitewash Waiver or the underlying transactions and are therefore required to abstain from voting in relation to such resolutions at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the Latest Practicable Date, the Company does not believe that the Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

LISTING RULES IMPLICATIONS

As described in the sections headed “Information of the Subscribers – Subscriber A” and “Information of the Subscribers – Subscriber B” in this circular, Subscriber A is a substantial shareholder of the Company and an associate of Mr. Ng Tit and Ms. Chin Yu, who are Directors of the Company, and is therefore a connected person of the Company and Subscriber B is the son of two substantial shareholders of the Company and is therefore a deemed connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Establishment of the Independent Board Committee

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest and are not involved in the Whitewash Waiver and the underlying transactions, namely Mr. Tze Shan Hailson Yu, Mr. Ng Ming Kwan and Dr. Zhao Yubiao) has been formed to advise the Independent Shareholders on whether the Whitewash Waiver and the underlying transactions are fair and reasonable, and as to voting from the perspective of the Takeovers Code. As Ms. Chin Yu, being a non-executive Director, is the ultimate beneficial owner of 50% equity interest of Subscriber A, and Dr. Qian Wei, also being a non-executive Director, is the brother of Ms. Chin Yu, they are not included in the Independent Board Committee for the purpose of giving advice or recommendations to the Independent Shareholders.

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Tze Shan Hailson Yu, Mr. Ng Ming Kwan and Dr. Zhao Yubiao) which has been formed would advise the Independent Shareholders on whether the Subscription by the Subscribers is fair and reasonable and as to voting from the perspective of Listing Rules.

Appointment of the Independent Financial Adviser

The Independent Financial Adviser, Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be convened to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including the Subscription, the Loan Capitalization, granting of the Specific Mandate and the Whitewash Waiver by more than 50% of the votes cast by the Independent Shareholders by way of poll; and (ii) the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders by way of poll. A notice convening the EGM to be held at Office 1101-02, 11/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Monday, 17 February 2025 at 10:45 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<https://www.ntpharma.com>).

LETTER FROM THE BOARD

Whether or not Shareholders are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 10:45 a.m. on Saturday, 15 February, 2025). To be effective, all forms of proxy must be lodged with Tricor Investor Services Limited before the deadline. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM if you so wish.

The Subscribers, their respective associates, any parties acting in concert with each of them and the Shareholders who are involved in or interested in the Whitewash Waiver and/or the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate), will be required to abstain from voting in respect of the resolution(s) to approve the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate) at the EGM. Other than Subscriber A, Subscriber B, Ms. Chin Yu, Mr. Jeong Chong Mang and Annie Investment Co., Ltd, none of the Shareholders is involved in or interested in the Whitewash Waiver and/or the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate) and is required to abstain from voting in respect of the resolution(s) to approve the aforesaid matters at the EGM.

RECOMMENDATION

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the Whitewash Waiver; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the Whitewash Waiver.

In light of (i) Subscriber A being owned by Mr. Ng Tit and Ms. Chin Yu, Ms. Ng Anna Ching Mei being their daughter and Dr. Qian Wei being brother of Ms. Chin Yu, who have all abstained from voting on the Board resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder; and (ii) other than Mr. Ng Tit and Ms. Ng Anna Ching Mei, the two executive Directors, the Board only comprises of the non-executive Director and the independent non-executive Directors, the Board will defer its view on the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate and the Whitewash Waiver to the Independent Board Committee.

LETTER FROM THE BOARD

Members of the Independent Board Committee, to whom the Directors has deferred its view and whose view is set out in their respective letters set out in the appendices of this circular, believe that the Subscription Agreement is fair, reasonable and on normal commercial terms, and are in the interests of the Company and the Independent Shareholders as a whole; and considers that (i) the execution, delivery and performance of the Subscription Agreement; (ii) the allotment and issue of the Subscription Shares in accordance with the Subscription Agreement; (iii) the Specific Mandate under which the Subscription Shares will be issued; and (iv) the Subscription and the Whitewash Waiver are fair and reasonable, and are in the interests of the Company and the Independent Shareholders as a whole, accordingly, recommends that the Independent Shareholders vote in favour of the resolution(s) relating thereto at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Since the Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Subscription Agreement, the Subscription may or may not proceed. The Whitewash Waiver may or may not be granted by the Executive and if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization, and the Specific Mandate) at the EGM. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

For and on behalf of
China NT Pharma Group Company Limited
Ng Tit
Chairman of the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate and the Whitewash Waiver for inclusion in this circular.



28 January 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
LOAN CAPITALIZATION INVOLVING SUBSCRIPTION OF
SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been appointed to form the Independent Board Committee to consider and advise you on the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate and the Whitewash Waiver, details of which are set out in the circular issued by the Company to the Shareholders dated 28 January 2025 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 6 to 24 and pages IFA-1 to IFA-36 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Subscription Agreement, and the principal factors and reasons considered by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that although the Subscription Agreement is not in the ordinary and usual course of business of the Company, the Subscription Agreement and the transactions contemplated thereunder including the Subscription, the Loan Capitalization, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and have been entered into on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend you to vote in favour of all the resolutions to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Tze Shan Hailson Yu
Independent
non-executive Director

Mr. Ng Ming Kwan
Independent
non-executive Director

Dr. Zhao Yubiao
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Astrum Capital Management Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Subscription and the Whitewash Waiver which has been prepared for the purpose of inclusion in this circular.



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

28 January 2025

*To the Independent Board Committee and
the Independent Shareholders of
China NT Pharma Group Company Limited*

Dear Sirs,

**(1) CONNECTED TRANSACTION IN RELATION TO
LOAN CAPITALIZATION INVOLVING SUBSCRIPTION OF
SHARES UNDER SPECIFIC MANDATE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) and the independent shareholders (the “**Independent Shareholders**”) of China NT Pharma Group Company Limited (the “**Company**”) in relation to the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver. The details of which are disclosed in the announcement of the Company dated 28 November 2024 (the “**Announcement**”) and in the letter from the board (the “**Letter from the Board**”) set out on pages 6 to 24 of the circular of the Company dated 28 January 2025 (the “**Circular**”) to its shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, the Company was indebted to (i) Subscriber A in the aggregate outstanding principal amount of approximately HK\$82.10 million and the accrued interest of approximately HK\$15.69 million under the Loan Agreement A entered into on 1

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

January 2023. The shareholder's loans under the Loan Agreement A are unsecured and bear interest at the rate of 12% per annum without any fixed repayment date. Such shareholder's loans were provided to the Group by Subscriber A for the purpose of the Group's general working capital requirement; and (ii) Subscriber B in the aggregate outstanding principal amount of approximately RMB45.00 million (equivalent to approximately HK\$49.45 million) and the accrued interest of approximately RMB1.31 million (equivalent to approximately HK\$1.44 million) under the Loan Agreement B and the Restructuring of Suzhou First Pharma, a former subsidiary of the Company. The loans under the Loan Agreement B are secured by certain assets of Suzhou First Pharma and one of its subsidiaries and bear interest at the rate of 15% per annum and were due on 16 June 2022. Such loans were provided by Subscriber B to NT (China) Investment Co., Ltd., being a subsidiary of the Company and a fellow subsidiary of Suzhou First Pharma prior to the completion of the Restructuring and the repayment obligations were assumed by the Company upon the disposal of NT (China) Investment Co., Ltd. by the Company to an Independent Third Party in December 2023. Based on (i) the Restructuring relating to Suzhou First Pharma approved by the Court; (ii) the outstanding principal amount of the relevant loans and accrued interest thereon as at 27 April 2023 confirmed by the administrator appointed by the Court of the Restructuring; (iii) the subsequent repayment amount received by Subscriber B from the Court; and (iv) the amount to be repaid to Subscriber B from the sale of relevant assets under the Restructuring as estimated by the Directors based on (a) the proposed selling price of such assets on an independent auction platform; and (b) the estimated proceeds to be allocated to Subscriber B on a pro rata basis among all the creditors under the Restructuring, the remaining outstanding amount of loan that the Company is liable to Subscriber B as at the Latest Practicable Date was approximately RMB44.00 million (equivalent to approximately HK\$48.35 million).

On 28 November 2024 (after trading hours), the Company entered into the Subscription Agreement with Subscriber A and Subscriber B, pursuant to which the Company has conditionally agreed to allot and issue to (i) Subscriber A, and Subscriber A has conditionally agreed to subscribe for, 263,636,363 new Shares at the Subscription Price of HK\$0.33 per Subscription Share for a total consideration of HK\$86,999,999.79, which shall be satisfied by way of offsetting HK\$87.00 million in the outstanding principal amount and the accrued interest of the shareholder's loans under the Loan Agreement A; and (ii) Subscriber B, and Subscriber B has conditionally agreed to subscribe for, 146,520,146 new Shares at the Subscription Price of HK\$0.33 per Subscription Share for a total consideration of HK\$48,351,648.18, which shall be satisfied by way of offsetting HK\$48,351,648.35 in the outstanding principal amount and the accrued interest of the loans under the Loan Agreement B.

Upon Completion, HK\$87.00 million and HK\$48,351,648.35 in the outstanding principal amount and the accrued interest (if any) of the loans under the Loan Agreement A and the Loan Agreement B, respectively, shall be deemed to have been repaid. The respective remaining balance, including any interest accrued thereunder, as at the Latest Practicable Date shall be HK\$10,787,752.37 under the Loan Agreement A, and HK\$2,537,547.43 under the Loan Agreement B, which Subscriber B has undertaken in the Subscription Agreement not to claim against the Company in any event.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Letter from the Board, Subscriber A is a substantial shareholder of the Company and an associate of Mr. Ng Tit (“**Mr. Ng**”) and Ms. Chin Yu, who are Directors of the Company, and is therefore a connected person of the Company. In addition, Subscriber B is the son of two substantial shareholders of the Company and is therefore a deemed connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to announcement, reporting and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Subscriber A and Subscriber B were parties acting in concert. Subscriber A and Subscriber B, together with their respective concert parties held 95,494,833 Shares in aggregate, representing approximately 36.16% of the issued share capital of the Company. The shareholding of Subscriber A, Subscriber B and parties acting in concert with each of them will increase to approximately 75.00% of the issued share capital of the Company immediately after completion of the Subscription and assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares, thereby triggering an obligation on Subscriber A and Subscriber B under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by Subscriber A, Subscriber B or parties acting in concert with each of them, unless the Whitewash Waiver is granted by the Executive.

Subscriber A together with Subscriber B have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, which, if granted, will be subject to the approval by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate), at the EGM. If the Whitewash Waiver is granted by the Executive and is approved by the Independent Shareholders and completion of the Subscription having taken place, each of Subscriber A (together with parties acting in concert with it) and Subscriber B (together with parties acting in concert with it) will be interested in approximately 45.12% and 29.88% in the Company respectively. As such, each of them remains subject to the restrictions under Rule 26 of the Takeovers Code on an individual basis including, in respect of Subscriber A and parties acting in concert with it, the 2% creeper rule under Rule 26.1 of the Takeovers Code.

Each of Subscriber A and Subscriber B, their respective associates, any parties acting in concert with each of them, and the Shareholders who are involved in or interested in the Whitewash Waiver and/or the underlying transactions, will be required to abstain from voting in respect of the resolutions to approve the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization and the Specific Mandate) at the EGM. As at the Latest Practicable Date, save for Subscriber A, Subscriber B, Ms. Chin Yu, Mr. Jeong Chong Mang and Annie Investment Co., Ltd., there were no other Shareholders who are involved in or interested in the Whitewash Waiver or the underlying transactions and are therefore required to abstain from voting in relation to such resolutions at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest and are not involved in the Whitewash Waiver and the underlying transactions, namely Mr. Yu Tze Shan Hailson, Mr. Ng Ming Kwan and Dr. Zhao Yubiao) has been formed to advise the Independent Shareholders on whether the Whitewash Waiver and the underlying transactions are fair and reasonable, and as to voting from the perspective of the Takeovers Code. As Ms. Chin Yu, being a non-executive Director, is the ultimate beneficial owner of 50% equity interest of Subscriber A, and Dr. Qian Wei, also being a non-executive Director, is the brother of Ms. Chin Yu, they are not included in the Independent Board Committee for the purpose of giving advice or recommendations to the Independent Shareholders.

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Yu Tze Shan Hailson, Mr. Ng Ming Kwan and Dr. Zhao Yubiao), which has been formed, would advise the Independent Shareholders on whether the Subscription by the Subscribers is fair and reasonable and as to voting from the perspective of the Listing Rules.

We, Astrum Capital Management Limited, have been appointed as the independent financial adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Subscriber A, Mr. Ng, Ms. Chin Yu, Ms. Ng Anna Ching Mei, Dr. Qian Wei, Subscriber B, Mr. Ieong Chong Mang, Ms. Shum Ning, Annie Investment Co., Ltd. and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, we were not aware of any relationships between Astrum Capital Management Limited and the Company, and there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under the Listing Rules and the Takeovers Code to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed the Announcement, the Circular, the Loan Agreement A, the Loan Agreement B (as supplemented by two supplemental loan agreements dated 25 September 2020 and 1 June 2021, respectively), the respective drawdown records of the loans under the Loan Agreements, the civil judgment issued by the Court dated 27 May 2024 relating to the Restructuring, the Subscription Agreement, the annual reports of the Company for the seven financial years ended 31 December 2023, the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”) and the profit warning announcement of the Company dated 8 January 2025 (the “**Profit Warning Announcement**”). We have also (i) considered the historical trading prices and trading volume of the Shares; and (ii) conducted discussions with the management of the Company (the “**Management**”) regarding the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver, as well as the existing financial status, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver, and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. Pursuant to Rule 9.1 of the Takeovers Code, the Company is required to notify the Shareholders of any material changes to information contained in the Circular as soon as possible subsequent to the Latest Practicable Date and prior to the EGM. If we become aware of any such material change, we will notify the Shareholders of the potential impact on our opinion and/or recommendation set out in this letter as soon as possible.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver. Except for the inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

For illustration purpose, the conversion of HK\$ and RMB in this letter was based on an exchange rate of HK\$1 = RMB0.91.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Information on the Company

According to the Letter from the Board, the Group is principally engaged in two main areas, namely investment and physical pharmaceutical business. The investment business focuses on investing in internationally leading innovative targeted drugs and pharmaceutical companies' equity. At the same time, the Group is digitizing and diversifying its existing physical pharmaceutical assets and business, with the aim of creating a specialized digital pharmaceutical group focused on bone health. The Group principally operates in Hong Kong and Mainland China.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

The following table sets out (i) the audited financial information of the Group for the two financial years ended 31 December 2022 and 31 December 2023 (“**FY2022**” and “**FY2023**”, respectively) as extracted from the annual report of the Company for FY2023 (the “**2023 Annual Report**”); and (ii) the unaudited financial information of the Group for the six months ended 30 June 2023 and 30 June 2024 (“**1H2023**” and “**1H2024**”, respectively) as extracted from the 2024 Interim Report:

Table 1: Financial information of the Group

	FY2022	FY2023	1H2023	1H2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
	(Restated)	(Note)	(Restated)	
	(Note)		(Note)	
Revenue from continuing operations	–	7,366	7,366	31,297
Gross profit from continuing operations	–	7,366	7,366	5,706
(Loss)/Profit for the year/period from continuing operations	(50,040)	(33,491)	(4,796)	661
(Loss) for the year/period from discontinued operations (Note)	(16,365)	(110,099)	(816)	–
(Loss)/Profit for the year/period attributable to the owners of the Company	(66,405)	(143,590)	(5,612)	661

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2022 RMB'000 (audited)	As at 31 December 2023 RMB'000 (audited)	As at 30 June 2024 RMB'000 (unaudited)
Non-current assets	932,284	316,845	324,360
Current assets	73,434	12,277	14,404
Current (liabilities)	(1,169,693)	(665,087)	(681,615)
Net current (liabilities)	(1,096,259)	(652,810)	(667,211)
Non-current (liabilities)	(77,683)	(3,600)	(3,564)
Net (liabilities) attributable to the owners of the Company	(241,658)	(339,565)	(346,415)

Source: the 2023 Annual Report and the 2024 Interim Report

Note: In August 2023, as part of the Restructuring, an equity transfer agreement was entered into with the Investors (as defined in the section headed “3. Background of the Restructuring” below) in relation to the transfer (the “**Equity Transfer**”) of the entire interest in Suzhou First Pharma, the then wholly-owned subsidiary of the Company, to the Investors. The Equity Transfer was deemed to be completed in August 2023 and Suzhou First Pharma was no longer a subsidiary of the Company since then. Prior to the Equity Transfer, Suzhou First Pharma was principally engaged in manufacturing and sale of proprietary pharmaceutical products (the “**Disposed Business**”), and contributed significant portion of revenue to the Group during FY2023 and the entire revenue during FY2022. Accordingly, the Disposed Business has been treated and presented as discontinued operations in the consolidated financial statements of the Company for FY2022 and FY2023, respectively. Please refer to the section headed “3. Background of the Restructuring” below for further details of the Equity Transfer and the Restructuring.

(i) For the year ended 31 December 2023 (i.e. FY2023)

In FY2022, the Disposed Business operated by Suzhou First Pharma served as the sole business segment of the Group, contributing revenue of approximately RMB207.1 million. As mentioned in the section headed “3. Background of the Restructuring” below, the Equity Transfer was deemed to be completed in August 2023 and Suzhou First Pharma was no longer a subsidiary of the Company since then. During the period commencing from 1 January 2023 and up to 1 August 2023 (i.e. the completion date of the Equity Transfer), Suzhou First Pharma generated revenue of approximately RMB88.6 million to the Group. As a result of the Equity Transfer in August 2023, the Disposed Business has been treated and presented as discontinued operations in the consolidated financial statements of the Company for FY2022 and FY2023, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As all revenue of the Group in FY2022 was derived from the Disposed Business, no revenue from continuing operations was recorded. The Group recorded loss from continuing operations of approximately RMB50.0 million in FY2022. Such loss was mainly attributable to (i) finance costs of approximately RMB39.4 million; and (ii) general and administrative expenses of approximately RMB22.6 million.

Starting from 2023, the Group has innovatively created a bone health 4M (Medicine, Multinational E-Health, Medical Device and Medical Digital Platform) model by focusing on the Company's core capabilities and resources. It has also established Fuaimeng's "Specialist Orthopedic Health Platform" and vigorously developed business modules covering the supply and promotion of bone disease drugs and health products, bone disease rehabilitation management and digital medical full-process closed-loop treatment and management platform.

In FY2023, the Group recorded revenue of approximately RMB7.4 million from continuing operations, as compared to nil in FY2022. Revenue from continuing operations in FY2023 was all generated from agency services for sales of proprietary pharmaceutical products. The Group recorded loss from continuing operations of approximately RMB33.5 million in FY2023, representing a decrease of approximately 33.1%, as compared to approximately RMB50.0 million in FY2022. Such decrease was mainly attributable to (i) the increase in share of results of associates from approximately RMB9.0 million in FY2022 to approximately RMB37.0 million in FY2023; (ii) the recognition of gain on disposal of subsidiaries of approximately RMB12.3 million in FY2023 (FY2022: nil); (iii) the decrease in finance costs of approximately RMB10.5 million; and (iv) the increase in revenue from continuing operations of approximately RMB7.4 million, which was partially offset by the increase in general and administrative expenses of approximately RMB41.0 million due to the recognition of the consultation fees (the "**Consultation Fees**") of approximately RMB37.7 million for the provision of consultancy services by two consultants, namely Dr. Wang Minzhi and Mr. Gao Gui (collectively, the "**Consultants**"), for overseeing technology and product registration searches and development, crafting research plans for clinical trials, and submitting clinical applications to regulatory bodies for the Group's projects. Both the Consultants were Independent Third Parties as at the date of the consultancy agreements entered into between the Company and the Consultants. Upon the issuance of the consideration shares by the Company to the Consultants for the settlement of the Consultation Fees, Dr. Wang Minzhi became a substantial shareholder of the Company, holding 46,372,286 Shares (after the adjustment of the Share Consolidation (*as defined below*)) (representing approximately 17.6% of the issued share capital of the Company as at the Latest Practicable Date), while Mr. Gao Gui remained as an Independent Third Party, holding 946,373 Shares (after the adjustment of the Share Consolidation (*as defined below*)) (representing approximately 0.4% of the issued share capital of the Company as at the Latest Practicable Date).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In FY2023, the Group recorded loss attributable to owners of the Company of approximately RMB143.6 million, representing an increase of approximately 116.2% as compared to approximately RMB66.4 million in FY2022. Such deterioration was mainly due to the increase in loss for the year from discontinued operations from approximately RMB16.4 million in FY2022 to approximately RMB110.1 million in FY2023, which was, in turn, principally due to the recognition of loss on the Restructuring of approximately RMB86.7 million in FY2023 (FY2022: nil). The effect of the increase in loss from discontinued operations was partially offset by the decrease in loss from continuing operations of approximately RMB16.5 million.

As at 31 December 2023, the Group's total assets and total liabilities amounted to approximately RMB329.1 million (31 December 2022: approximately RMB1,005.7 million) and approximately RMB668.7 million (31 December 2022: approximately RMB1,247.4 million), respectively. The Group recorded net liabilities attributable to the owners of the Company of approximately RMB339.6 million as at 31 December 2023 (31 December 2022: approximately RMB241.7 million). Such deterioration was mainly due to the loss attributable to the owners of the Company for FY2023 of approximately RMB143.6 million, which was partially offset by (i) issuance of new shares to the Consultants for the settlement of the Consultation Fees of approximately RMB37.7 million in FY2023; and (ii) placing of new shares of approximately RMB9.4 million in FY2023.

(ii) For the six months ended 30 June 2024 (i.e. 1H2024)

In 1H2023, the Group's revenue from continuing operations of approximately RMB7.4 million was all derived from the agency services for sales of proprietary pharmaceutical products. As advised by the Management, no cost of sales were recorded in 1H2023 pursuant to Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers" issued by the Hong Kong Institute of Certified Public Accountants as the proprietary pharmaceutical products were directly transferred from suppliers to customers and the Group had no controls of the products before the products were transferred directly to its customers.

In 1H2024, the Group recorded revenue of approximately RMB31.3 million from continuing operations, representing a substantial increase of approximately 3.2 times as compared to approximately RMB7.4 million in 1H2023. Most of the Group's revenue in 1H2024 was derived from the newly established agency digital healthcare service business. The Group's digital healthcare service platform targets to provide digital promotion services to bone health product manufacturers and distributors, clinical healthcare institutions, and bone health consumers, including the provision of the following services for industry companies: (i) medical news update; (ii) creating medical videos and articles, (iii) medical conference content and reports; and (iv) market research and promotional activities. In 1H2024, the Group recorded cost of sales of approximately RMB25.6 million, which was attributable to the cost incurred from the operation of the newly established digital healthcare service platform during

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1H2024, mainly comprising the maintenance cost of the digital platform and the service fee for the preparation of medical videos, articles, conference content and reports. Accordingly, the Group's gross profit decreased from approximately RMB7.4 million in 1H2023 to approximately RMB5.7 million in 1H2024.

In 1H2024, the Group made a turnaround from loss making position to profit making position. The Group recorded profit attributable to the owners of the Company of approximately RMB0.7 million in 1H2024, as compared to loss of approximately RMB5.6 million in 1H2023. Such improvement was mainly attributable to (i) the decrease in finance costs of approximately RMB7.1 million; (ii) the decrease in general and administrative expenses of approximately RMB3.1 million; and (iii) the absence of the recognition of loss from discontinued operations in 1H2024 (1H2023: loss of approximately RMB0.8 million), which was partially offset by (a) the decrease of share of results of associates of approximately RMB3.1 million; and (b) the decrease of gross profit from continuing operations of approximately RMB1.7 million.

As at 30 June 2024, the Group's total assets and total liabilities amounted to approximately RMB338.8 million (31 December 2023: approximately RMB329.1 million) and approximately RMB685.2 million (31 December 2023: approximately RMB668.7 million), respectively. As a result of the loss on exchange differences on translation of financial statements of entities within the Group outside the PRC of approximately RMB7.5 million in 1H2024, and the effect of which was partially offset by the profit attributable to the owners of the Company of approximately RMB0.7 million in 1H2024, the net liabilities attributable to the owners of the Company further increased from approximately RMB339.6 million as at 31 December 2023 to approximately RMB346.4 million as at 30 June 2024.

(iii) Going concern

As disclosed in the 2023 Annual Report, the following conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern: (i) the Group incurred a net loss of approximately RMB33.5 million from its continuing operations for FY2023; (ii) as at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB652.8 million and approximately RMB339.6 million, respectively; and (iii) as at 31 December 2023, the Group's total borrowings amounted to approximately RMB343.9 million, of which approximately RMB21.7 million, approximately RMB286.1 million and approximately RMB32.9 million were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2023, respectively, while the Group's total cash and bank balances amounted to approximately RMB1.5 million as at 31 December 2023 (the "Going Concern Issue").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Going Concern Issue remained outstanding as at 30 June 2024. As mentioned in the 2024 Interim Report, in view of the facts that (i) as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately RMB667.2 million and RMB346.4 million, respectively; and (ii) as at 30 June 2024, the Group's total borrowings amounted to approximately RMB356.1 million, of which approximately RMB352.9 million will be due for repayment within next twelve months from 30 June 2024, while its unrestricted cash and bank balances merely amounted to approximately RMB5.8 million as at 30 June 2024, there were material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position, including but not limited to: (i) actively negotiating with lenders for renewal and extension of other borrowings; (ii) developing the Group into an integrated platform enterprise that covers Full Management of Osteopathic Diagnosis and Treatment; (iii) taking active measures to control administrative costs through various channels including human resources optimization and containment of capital expenditures; and (iv) actively negotiating with external parties to obtain new sources of financing or strategic capital investments. The Directors were of the opinion that, taking into account the abovementioned plans and measures, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements.

With the existence of the Going Concern Issue, it would be difficult for the Group to raise fund of significant amount through equity or debt financing. We are of the view that it is critically important for the Group to reduce its gearing level thereby strengthening the financial position of the Group and alleviating the Going Concern Issue, which will, in turn, place the Group at a better position to negotiate and obtain fund raising arrangements or debt financing for its business development and expansion in future when necessary.

(iv) Profit warning for the ten months ended 31 October 2024

As disclosed in the Profit Warning Announcement, based on the preliminary assessment of the Group's unaudited consolidated management accounts for the ten months ended 31 October 2024 ("**10M2024**") and the information currently available to the Board, the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million for 10M2024, as compared to a net loss of approximately RMB152.9 million for the ten months ended 31 October 2023 ("**10M2023**"). Such expected decrease in net loss for 10M2024 was mainly attributable to (a) the absence of loss from the Disposed Business in 10M2024 (10M2023: loss of approximately RMB110.1 million); and (b) one-off Consultation Fees of RMB37.7 million for the provision of consultancy services by the Consultants was paid by the Group in 10M2023, while no consultancy fee was paid by the Group in 10M2024.

3. Background of the Restructuring

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

In June 2023, the creditors of Suzhou First Pharma have approved a plan for the Restructuring (the "**Restructuring Plan**") during the first creditors' meeting, which was subsequently approved by the Court in July 2023. Pursuant to the Restructuring Plan and the judgment by the Court, the investors (the "**Investors**") solicited by the administrator appointed by the Court (the "**Administrator**") shall acquire the entire equity interests in Suzhou First Pharma, and the corresponding properties (other than those to be excluded), equipment and other fixed assets, intangible assets, production permits and operation permits, etc. for a total consideration of RMB1. The Investors shall also provide RMB355 million (the "**Settlement Amount**") to Suzhou First Pharma for settlement of, among others, the outstanding debts of Suzhou First Pharma. As such, in August 2023, an equity transfer agreement was entered into with the Investors. The Equity Transfer was deemed to be completed in August 2023 and Suzhou First Pharma was no longer a subsidiary of the Company since then. The Investors are Independent Third Parties and have no other relationship with the Company, any of its directors or substantial shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The loans provided by Subscriber B under the Loan Agreement B were secured by certain assets of Suzhou First Pharma and one of its subsidiaries. Thus, Subscriber B was entitled to and received certain repayment as a result of the Restructuring. Nevertheless, the Settlement Amount was merely a sum of money provided by the Investors, as part of the Restructuring, to settle the outstanding debts of Suzhou First Pharma, and was not correlated with the subject of the Loan Capitalization relating to the Loan Agreement B, which was the outstanding amount owed by the Company (in substitution of NT (China) Investment Co., Ltd. upon its disposal) to Subscriber B.

For more details on the Restructuring, please refer to the announcements of the Company dated 2 May 2023, 25 July 2023, 21 August 2023 and 14 September 2023.

4. Background of and reasons for the entering into of the Subscription Agreement

As mentioned in the section headed “2. *Financial information of the Group*” above, the financial performance and position of the Group was unsatisfactory. The Group recorded loss attributable to the owners of the Company of approximately RMB66.4 million and approximately RMB143.6 million for FY2022 and FY2023, respectively. Indeed, before making a turnaround to profit-making position in 1H2024, the Group had maintained a loss-making position for a consecutive six years since 2018, accumulating an aggregate loss of approximately RMB2,278.2 million. As advised by the Management, the disappointing financial performance of the Group was mainly due to (i) the tough and adverse business environment of the PRC’s pharmaceutical industry led by the introduction and aggressive implementation of a series of policies, including the “medical treatment + medical insurance + pharmacy” (「三醫聯動」); and (ii) the restructuring undergone by the Group during the past few years, which occupied substantial financial and human resources of the Group. According to the annual report of the Company for the year ended 31 December 2018 and as advised by the Management, the introduction and aggressive implementation of a series of policies regarding the PRC’s pharmaceutical industry (the “**PRC Healthcare Reform**”) brought a significant impact on the Group’s business. During the centralized procurement of drugs in “4+7” pilot cities¹, which was implemented under the leadership of the PRC’s National Healthcare Security Administration (中國國家醫療保障局), the winning drugs showed a sharp drop in prices, indicating that the market size and the profitability of expired innovator drugs and common generic drugs be gradually shrinking. In addition, the policies such as local tender for centralized procurement of GPO (Group Purchasing Organization) drugs also imposed continuous downward pressure on the prices of drugs. Hospitals are required to cap the percentage of revenue from drugs in their total revenues and “Healthcare-in-Levels” (「分級診療」)² is introduced, bringing more difficulties in increasing the sales of products of hospitals. Separately, under the full implementation of

1. “4+7” pilot cities include four municipalities (including Beijing, Tianjin, Shanghai and Chongqing) and seven major cities (including Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi’an) in the PRC.
2. In regard to the prevention-oriented healthcare strategies, “Healthcare-in-Levels” (「分級診療」) is proposed to emphasize community primary healthcare service unit as the first level of contact, to triage preventive and curative care, chronic and acute care and co-ordinate the different levels of healthcare.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the “dual invoicing system” (「兩票制」), only up to two invoices are issued along the chain of pharmaceutical product procurement, with one issued by the pharmaceutical manufacturer and the other one issued by the distributor to the medical service providers. As compared with the previous procurement model prior to the PRC Healthcare Reform, the “dual invoicing system” eliminated multiple layers of distributors and significantly streamlined the procurement process, and further enhanced the competition among the industry players in the PRC’s pharmaceutical industry. In addition, the filing system of pharmaceutical representatives (「醫藥代表登記備案制度」) was introduced, where pharmaceutical representatives can only engage in academic promotion, technical consulting and other activities, and shall no longer undertake the task of drug sales. As a result of the implementation of the filing system of pharmaceutical representatives, the Group (being a pharmaceutical manufacturer) shall separately engage other employees, as salespersons, to take charge of the sales of pharmaceutical products, leading to the increase in cost to the sales and operations of the Group. The accelerated implementation of regulatory changes have intensified competition in all aspects of the PRC’s pharmaceutical industry, putting tremendous pressure on the Group’s results.

The tremendous loss of approximately RMB2,278.2 million accumulated during the six years ended 31 December 2023 led to a deterioration in the Group’s financial position. The Group changed from net assets position of RMB1,428.8 million as at 31 December 2017 to net liabilities position of approximately RMB339.6 million as at 31 December 2023. According to the section headed “2. *Indebtedness*” in Appendix I to the Circular, the indebtedness of the Group amounted to approximately RMB652.4 million (equivalent to approximately HK\$716.9 million) as at 31 October 2024, including (i) secured other borrowings of approximately RMB30.3 million (equivalent to approximately HK\$33.3 million); (ii) unsecured other borrowings of approximately RMB305.8 million (equivalent to approximately HK\$336.1 million) (including the aggregate outstanding principal amount of approximately HK\$81.1 million under the Loan Agreement A); (iii) unsecured corporate bonds of approximately RMB20.7 million (equivalent to approximately HK\$22.7 million); (iv) interest payables included in other payables and accruals of approximately RMB118.2 million (equivalent to approximately HK\$129.9 million) (including the accrued interest of approximately HK\$13.4 million under the Loan Agreement A); (v) lease liabilities of approximately RMB373,000 (equivalent to approximately HK\$410,000); and (vi) financial guarantee contracts of approximately RMB177.0 million (equivalent to approximately HK\$194.5 million) (including the aggregate outstanding amount of principal and accrued interest which the Company was liable of approximately RMB44.0 million (equivalent to approximately HK\$48.4 million) under the Loan Agreement B and the Restructuring of Suzhou First Pharma, a former subsidiary of the Company). Among which, approximately RMB644.5 million (equivalent to approximately HK\$708.2 million) will be due for repayment within next twelve months from 31 October 2024. However, the total assets and cash and bank balances of the Group as at 31 October 2024 merely amounted to approximately RMB332.8 million (equivalent to approximately HK\$365.7 million) and approximately RMB7.4 million (equivalent to approximately HK\$8.1 million), respectively. It is anticipated that, without conducting any equity/debt fund raising activities by the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company, the Group would not have sufficient financial resources to settle the debt that will be due for repayment within next twelve months from 31 October 2024.

Moreover, as mentioned in the paragraph headed “(iii) *Going concern*” under the section headed “2. *Financial information of the Group*” above, in view of the facts that (i) as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately RMB667.2 million and RMB346.4 million, respectively; and (ii) as at 30 June 2024, the Group’s total borrowings amounted to approximately RMB356.1 million, of which approximately RMB352.9 million will be due for repayment within next twelve months from 30 June 2024, while its unrestricted cash and bank balances merely amounted to approximately RMB5.8 million as at 30 June 2024, there were material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern. Certain measures have been taken by the Group to mitigate the liquidity pressure and to improve the Group’s financial position, including but not limited to actively negotiating with lenders for renewal and extension of other borrowings. Notwithstanding the above, it was stated in the 2024 Interim Report that significant uncertainties exist as to whether the Management will be able to implement the measures successfully.

According to the Letter from the Board, as at the Latest Practicable Date, the Company was indebted to:

- (i) Subscriber A in the aggregate outstanding principal amount of approximately HK\$82.10 million and accrued interest of approximately HK\$15.69 million under the Loan Agreement A entered into on 1 January 2023. The shareholder’s loans under the Loan Agreement A are unsecured and bear interest at the rate of 12% per annum without any fixed repayment date; and
- (ii) Subscriber B in the aggregate outstanding principal amount of approximately RMB45.00 million (equivalent to approximately HK\$49.45 million) and accrued interest of approximately RMB1.31 million (equivalent to approximately HK\$1.44 million) under the Loan Agreement B and the Restructuring of Suzhou First Pharma, a former subsidiary of the Company. The loans under the Loan Agreement B are secured by certain assets of Suzhou First Pharma and one of its subsidiaries and bear interest at the rate of 15% per annum and were due on 16 June 2022. Such loans were provided by Subscriber B to NT (China) Investment Co., Ltd., being a subsidiary of the Company and a fellow subsidiary of Suzhou First Pharma prior to the completion of the Restructuring and the repayment obligations were assumed by the Company upon the disposal of NT (China) Investment Co., Ltd. by the Company to an Independent Third Party in December 2023. Based on (a) the Restructuring relating to Suzhou First Pharma approved by the Court; (b) the outstanding principal amount of the relevant loans and accrued interest thereon as at 27 April 2023 confirmed by the administrator appointed by the Court of the Restructuring; (c) the subsequent repayment amount received by Subscriber B from the Court; and (d) the amount to be repaid to Subscriber B from the sale of relevant assets under the Restructuring as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

estimated by the Directors based on (A) the proposed selling price of such assets on an independent auction platform; and (B) the estimated proceeds to be allocated to Subscriber B on a pro rata basis among all the creditors under the Restructuring, the remaining outstanding amount of loan that the Company is liable to Subscriber B as at the Latest Practicable Date was approximately RMB44.00 million (equivalent to approximately HK\$48.35 million), as further illustrated below:

RMB

The outstanding principal amount and accrued interest as at 27 April 2023 confirmed by the administrator appointed by the Court of the Restructuring	60,788,761.26
– The subsequent repayment amounts received by Subscriber B from the Court	14,479,593.10
– The estimated amount to be repaid to Subscriber B from the sale of relevant assets under the Restructuring	<u>2,309,168.16</u>

The remaining outstanding amount of loan that the Company is liable to Subscriber B	<u><u>44,000,000.00</u></u>
--	------------------------------------

The outstanding amount of loan that the Company is liable to Subscriber B as at the Latest Practicable Date, i.e. the subject of the loan capitalization in relation to the Loan Agreement B, is deduced based on an estimation of a further repayment from the Court to Subscriber B, which represents the remaining balance of the loans. Subscriber B expects to receive further repayment from the Court for the remaining balance of the loans. Subscriber B has undertaken in the Subscription Agreement that it will not make any further claim against the Company for the remaining balance of approximately RMB2.31 million (equivalent to approximately HK\$2.54 million) (which was calculated based on RMB46.31 million (the approximate total outstanding principal amount and accrued interest) – RMB44.00 million (the approximate outstanding amount of loan for which the Company is liable to Subscriber B as at the Latest Practicable Date)), regardless of whether there will be sufficient repayment amount from the Court, or at all.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We concur with the Directors' view that the Loan Capitalization will, on one hand, alleviate the repayment pressure of the majority portion of the outstanding loans amount under the Loan Agreements on the Group without cash outlay and, on the other hand, moderate the Group's debt level thereby strengthening the Group's financial position and alleviating the Going Concern Issue, which will, in turn, place the Group at a better position to negotiate and obtain fund raising arrangements or debt financing for its business development and expansion in future when necessary. In addition, the Loan Capitalization will also lower the finance cost of the Group by HK\$10.44 million per annum, which was calculated based on (i) the aggregated loan amount to be capitalized under the Loan Capitalization in respect of the Loan Agreement A of HK\$87.00 million; and (ii) the interest rate of the Loan Agreement A of 12% per annum. The aggregated loan amount to be capitalized under the Loan Capitalization is approximately HK\$135.4 million (equivalent to approximately RMB123.2 million), representing approximately 18.9% of the indebtedness of the Group of approximately RMB652.4 million (equivalent to approximately HK\$716.9 million) as at 31 October 2024. Assuming the Completion took place on 31 October 2024, the indebtedness of the Group as at 31 October 2024 would be reduced to approximately RMB529.2 million (equivalent to approximately HK\$581.6 million).

Upon enquiry, the Management advised us that they have considered alternative financing methods (such as by way of debt financing and equity financing) other than the Loan Capitalization. The Company has discussed with various financial institutions with a view to obtaining debt financing. However, the Company either received no feedback from, or was rejected by, the financial institutions in view of the unsatisfactory financial performance and position of the Group. Having considered that (i) before making a turnaround to profit-making position in 1H2024, the Group had maintained a loss-making position for a consecutive six years since 2018; (ii) according to the Profit Warning Announcement, the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million for 10M2024; (iii) as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately RMB667.2 million and approximately RMB346.4 million, respectively; (iv) the Going Concern Issue existed as at 31 December 2023 and 30 June 2024; and (v) the Group lacks valuable assets as collaterals for debt financing, we concur with the Management's view that it would be difficult for the Group to obtain new borrowings on terms satisfactory to the Group. Given that unlike debt financing, the Loan Capitalization would not incur extra interest burden to the Group, we are of the view that the Loan Capitalization is a more favorable option to the Group when comparing with debt financing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of equity financing (such as placing of Shares, open offer and rights issue), the Management is of the view that (i) it would be difficult for the Group to secure placing agent or underwriter for placing of Shares, open offer or rights issue without offering deep discount to the issue price to attract the Shareholders' subscription in light of the Group's current unfavorable financial performance and position; (ii) the success of equity financing is highly dependent on the then market condition and sentiment; (iii) time taken for completion of open offer or rights issue is considerably long; and (iv) cost for documentation works, administrative and professional fees for equity financing is relatively high as compared to the Loan Capitalization. We noted from the announcement of the Company dated 1 September 2023 that the Company has entered into a placing agreement with an independent placing agent on 1 September 2023, pursuant to which the placing agent has conditionally agreed to place, or procure the placing of, up to 475,560,000 placing shares (the "**Placing Shares**") at the placing price of HK\$0.05 per Placing Share on a best effort basis (the "**Placing**"). As disclosed in the announcement of the Company dated 21 September 2023, only 263,073,000 Placing Shares (representing approximately 55.3% of the maximum number of the Placing Shares) were successfully placed by the placing agent and the gross proceeds from the Placing merely amounted to approximately HK\$13.2 million. Having considered the facts that (i) there was no significant improvement on the Group's financial performance and position since the completion of the Placing; (ii) the Group had net current liabilities and net liabilities of approximately RMB667.2 million and approximately RMB346.4 million, respectively, as at 30 June 2024; (iii) the Going Concern Issue existed as at 31 December 2023 and 30 June 2024; and (iv) the proceeds from equity fund-raising are for repayment of the outstanding loans amount under the Loan Agreements but not for the development or expansion of the existing or new business of the Group, we are of the view that it would be difficult for the Company to attract new investors to participate in the equity fund-raising exercise and thus, equity financing is currently not a feasible and favorable financing alternative to the Company to raise sufficient fund.

On the contrary, the Loan Capitalization will (i) alleviate the repayment pressure of the majority portion of the outstanding loans amount under the Loan Agreements on the Group without cash outlay; and (ii) moderate the Group's debt level. As such, we concur with the Directors' view that the Loan Capitalization is the most desirable means available for the Group to settle the outstanding loans amount under the Loan Agreements, which is repayable on demand or has been due.

According to the Letter from the Board and the financial reports of the Company, (i) Subscriber A, namely Golden Base Investment Limited, is a substantial shareholder of the Company, and together with its parties acting in concert, holding 40,562,533 Shares as at the Latest Practicable Date (representing approximately 15.4% of the issued share capital of the Company). As at the Latest Practicable Date, Subscriber A was legally and beneficially owned as to 50% by Mr. Ng, the Chairman and an executive Director of the Company, and 50% by Ms. Chin Yu, a non-executive Director of the Company and the spouse of Mr. Ng; (ii) Mr. Ng is a co-founder of the Group and has been the Chairman of the Board and Chief Executive Officer of the Company since 1995. Mr. Ng was appointed as an executive Director on 1 March 2010, responsible for the overall strategic planning and management

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group; (iii) Subscriber B, namely Mr. Jeong Iat, is the son of Mr. Jeong Chong Mang and Ms. Shum Ning. Mr. Jeong Chong Mang and Annie Investment Co., Ltd., a company legally and beneficially and wholly owned by Ms. Shum Ning, are substantial shareholders of the Company, which were, in aggregate, interested in 54,932,300 Shares as at the Latest Practicable Date (representing approximately 20.8% of the issued share capital of the Company); and (iv) Subscriber B and its parties acting in concert became substantial shareholders of the Company since 2017. Notwithstanding that the Group maintained a loss-making position for a consecutive six years since 2018, accumulating an aggregate loss of approximately RMB2,278.2 million, under the leadership of the Subscribers and parties acting in concert with them, the disappointing financial performance of the Group was mainly due to (i) the tough and adverse business environment of the PRC's pharmaceutical industry led by the PRC Healthcare Reform, which was out of control of the Management; and (ii) the restructuring undergone by the Group during the past few years, which occupied substantial financial and human resources of the Group. Indeed, in view of the intensifying competition of the pharmaceutical industry led by the accelerated implementation of regulatory changes, the Management (including the Subscribers and parties acting in concert with them) has taken proactive measures and determined to transform the Group from a pharmaceutical manufacturer into an innovative digital pharmaceutical company. As mentioned in the section headed "2. *Financial information of the Group*" above, the Group has innovatively created a bone health 4M (Medicine, Multinational E-Health, Medical Device and Medical Digital Platform) model by focusing on the Company's core capabilities and resources in 2023, and subsequently established a digital healthcare service business in 1H2024. With the continuous efforts of the Management, the Group successfully made a turnaround from loss making position to profit making position in 1H2024, and recorded profit attributable to the owners of the Company of approximately RMB0.7 million in 1H2024, as compared to loss of approximately RMB5.6 million in 1H2023. We noted from the Profit Warning Announcement that the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million for 10M2024, as compared to a net loss of approximately RMB152.9 million for 10M2023. We have enquired, and were advised by, the Management that the expected loss in 10M2024 was mainly attributable to (i) the finance cost of approximately RMB26.2 million, which is expected to be decreased substantially after completion of the Loan Capitalization; (ii) loss on disposal of subsidiaries of approximately RMB7.0 million, which is non-recurring and one-off in nature; and (iii) fair value change on financial guarantee contracts of approximately RMB6.3 million, which is non-recurring and one-off in nature. As at the Latest Practicable Date, Subscriber A (together with parties acting in concert with it) and Subscriber B (together with parties acting in concert with it) were interested in approximately 15.4% and approximately 20.8% of the issued share capital of the Company, respectively. Upon Completion, each of Subscriber A (together with parties acting in concert with it) and Subscriber B (together with parties acting in concert with it) will be interested in approximately 45.1% and approximately 29.9% of the issued share capital of the Company, respectively. We are of the view that the acquisition of the controlling stake in the Company by the Subscribers and their parties acting in concert would facilitate the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

implementation of the business plans and strategies of the Group, which is beneficial to the development of the Group.

Notwithstanding that the Loan Capitalization will incur dilution effect on the shareholding of the existing Shareholders as discussed in the section headed “6. *Potential dilution effect on the interests of the Independent Shareholders*” below, after taking into consideration the facts that (i) it is anticipated that, without conducting any equity/debt fund raising activities by the Company, the Group would not have sufficient financial resources to settle the debt that will be due for repayment within next twelve months from 31 October 2024; (ii) the outstanding loan amount under the Loan Agreement A is repayable on demand, while the outstanding loan amount under the Loan Agreement B has been due on 16 June 2022; (iii) the Loan Capitalization will, on one hand, alleviate the repayment pressure of the majority portion of the outstanding loans amount under the Loan Agreements on the Group without cash outlay and, on the other hand, moderate the Group’s debt level thereby strengthening the Group’s financial position and alleviating the Going Concern Issue, which will, in turn, place the Group at a better position to negotiate and obtain fund raising arrangements or debt financing for its business development and expansion in future when necessary; (iv) the Loan Capitalization will lower the finance cost of the Group by HK\$10.44 million per annum; (v) the Loan Capitalization, to a certain extent, reflects the commitment and confidence of Subscriber A (being the existing substantial Shareholder) and the Subscriber B (being the concert party of the existing substantial Shareholder) on the long-term prosperity of the Group; (vi) the Loan Capitalization is the most desirable means available for the Group to settle the outstanding loans amount under the Loan Agreements; and (vii) the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned (please refer to the section headed “5. *Principal terms of the Subscription Agreement*” below for our relevant analysis), we are of the view that the Loan Capitalization is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Subscription Agreement

Date: 28 November 2024

Parties: (a) the Company as issuer;

(b) Subscriber A as subscriber; and

(c) Subscriber B as subscriber;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, Subscriber A is Golden Base Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company, holding 40,562,533 Shares, representing approximately 15.36% of the issued share capital of the Company as at the Latest Practicable Date. Subscriber A is principally engaged in investment holding and has no other significant investment, assets or business operation as at the Latest Practicable Date. As at the Latest Practicable Date, Subscriber A was legally and beneficially owned as to 50% by Mr. Ng, the Chairman of the Company and an executive Director, and 50% by Ms. Chin Yu, a non-executive Director and the spouse of Mr. Ng.

Subscriber B is Mr. Ieong Iat, son of Mr. Ieong Chong Mang and Ms. Shum Ning. Mr. Ieong Chong Mang and Annie Investment Co., Ltd., a company legally and beneficially wholly-owned by Ms. Shum Ning, are substantial shareholders of the Company, which were, in aggregate, interested in 54,932,300 Shares, representing approximately 20.8% of the issued share capital of the Company as at the Latest Practicable Date.

Subscriber A, its ultimate beneficial owners and parties acting in concert with it on one hand, are presumed to be parties acting in concert with Subscriber B and parties acting in concert with him, on the other hand.

Total consideration: An aggregate sum of HK\$135,351,647.97, comprising (i) HK\$86,999,999.79 which shall be satisfied by way of offsetting the outstanding loan amount of HK\$87.00 million under the Loan Agreement A; and (ii) HK\$48,351,648.18 which shall be satisfied by way of offsetting the outstanding loan amount of HK\$48,351,648.35 under the Loan Agreement B

Number of
Subscription
Shares to be
issued: Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Subscriber A and Subscriber B have conditionally agreed to subscribe for, 263,636,363 and 146,520,146 new Shares, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 410,156,509 Subscription Shares represent (a) approximately 155.31% of the existing issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 60.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion assuming there is no change in the issued share capital of the Company from the date of the Subscription Agreement and up to the Completion other than the issue of the Subscription Shares.

The 410,156,509 Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Subscription Price: HK\$0.33 per Subscription Share

(i) Analysis on the Subscription Price

The Subscription Price of HK\$0.33 per Subscription Share represents:

- (a) a discount of approximately 17.50% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on 4 October 2024, being the last trading day prior to the announcement made pursuant to Rule 3.7 of the Takeovers Code dated 9 October 2024;
- (b) a premium of approximately 6.45% over the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on 27 November 2024, being the Last Trading Day;
- (c) a premium of approximately 13.79% over the average closing price of HK\$0.290 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (d) a premium of approximately 10.92% over the average closing price of approximately HK\$0.298 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (e) a premium of approximately 29.41% over the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (f) no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by the theoretical diluted price of approximately HK\$0.318 per Share to the benchmarked price of HK\$0.30 per Share (as defined under Rule 7.27B of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$0.30 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK\$0.290 per Share);

- (g) a premium of approximately HK\$1.77 over the unaudited net liabilities per Share of approximately HK\$1.44 (equivalent to approximately RMB1.31) as at 30 June 2024 based on (aa) unaudited net liabilities of the Group of RMB346,415,000 (equivalent to approximately HK\$380,675,824); and (bb) 264,089,506 Shares (after adjustment for the share consolidation of every ten (10) existing shares in the share capital of the Company into one (1) consolidated share in the share capital of the Company becoming effective on 3 July 2024 (the “**Share Consolidation**”)) in issue as at 30 June 2024; and
- (h) a premium of approximately HK\$1.74 over the audited net liabilities per Share of approximately HK\$1.41 (equivalent to approximately RMB1.28) as at 31 December 2023 based on (aa) audited net liabilities of the Group of RMB339,565,000 (equivalent to approximately HK\$373,148,352); and (bb) 264,089,506 Shares (after the adjustment of the Share Consolidation) in issue as at 31 December 2023.

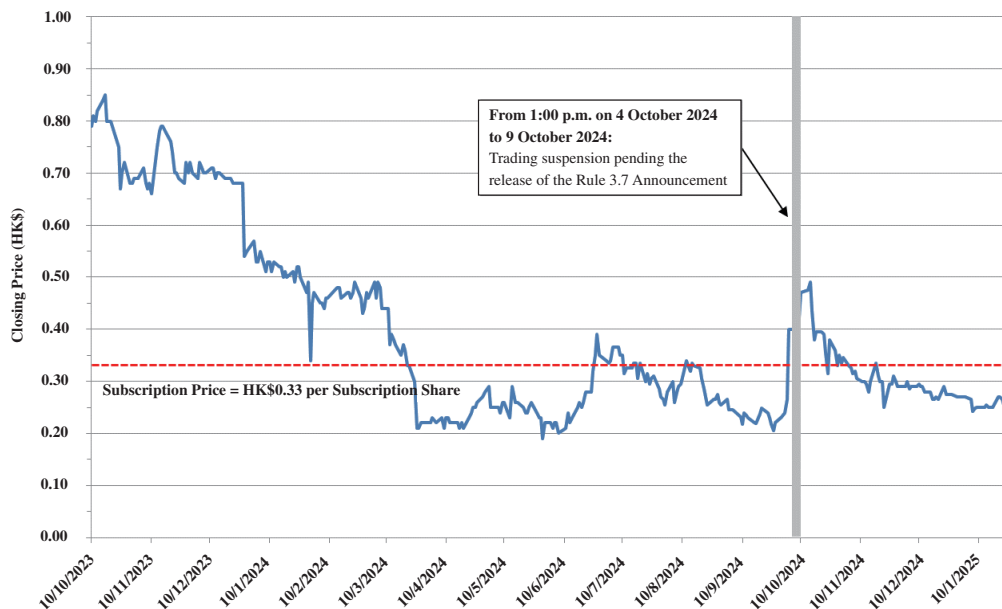
As stated in the Letter from the Board, the Subscription Price was arrived at after arm’s length negotiations between the Company and the Subscribers with reference to (i) the recent and historical market prices of the Shares, in particular, the closing prices of the Shares for the last 30 trading days prior to the date of the Subscription Agreement were within the range of HK\$0.250 to HK\$0.395 per Share, with an average of approximately HK\$0.327 per Share; (ii) the outstanding amount of the loans under the respective Loan Agreements amounting to approximately HK\$135.35 million in aggregate, which is significantly higher (i.e. approximately 70.84% higher) than the market capitalization of the Company (being approximately HK\$79.23 million on the date of the Subscription Agreement); (iii) the relatively low trading volume of the Shares when compared to the number of Shares to be issued under the Loan Capitalization (being 410,156,509 Shares), and the average daily trading volume of the Shares for the one year period from 28 November 2023 to 27 November 2024 (being approximately 856,165 Shares) was approximately 479.06 times of the average daily trading volume mentioned above; and (iv) the poor financial position of the Group, having considered that the unaudited net liabilities of the Group of approximately RMB346,415,000 as at 30 June 2024 and total comprehensive loss attributable to the owners of the Company from continuing operations for the year ended 31 December 2023 of approximately RMB36.3 million, which suggested that it would be difficult for the Company to pursue sizeable equity financing alternative in the stock market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Review on historical trading price*

To assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with the historical trading price of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange for the period from 10 October 2023 (being the first trading day of the 12-month period prior to the announcement of the Company dated 9 October 2024 made pursuant to Rule 3.7 of the Takeovers Code (the “**Rule 3.7 Announcement**”)) until the publication of the Announcement (the “**Pre-announcement Period**”), and subsequently up to and including the Latest Practicable Date (the “**Post-announcement Period**”) (collectively, the “**Review Period**”). We are of the view that a period of approximately one year is fair, adequate and representative to illustrate the recent price movements of the Shares, which reflect (i) the market and investors’ reaction towards the latest developments of the Group, including its financial performance and position, outlook, and prospects; and (ii) the prevailing market sentiment.

Chart 1: Share price performance during the Review Period



Source: the website of the Stock Exchange

Note: All the closing prices of the Shares prior to 3 July 2024 were adjusted as a result of the Share Consolidation, which became effective from 3 July 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in Chart 1 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK\$0.190 per Share as recorded on 30 May 2024 to the highest closing price of HK\$0.850 per Share as recorded on 17 October 2023, with an average price of approximately HK\$0.391 per Share. The Subscription Price represents (i) a premium of approximately 73.68% over the lowest closing price of the Shares; (ii) a discount of approximately 61.18% to the highest closing price of the Shares; and (iii) a discount of approximately 15.51% to the average closing price of the Shares during the Review Period, respectively.

During the period from 10 October 2023 to 30 May 2024, the closing price of the Shares generally exhibited a downward trend and hit the lowest point of HK\$0.190 per Share on 30 May 2024. We have discussed with the Management regarding the downward trend of the Share price and were advised that save for the publication of (i) the announcement of the Company dated 15 January 2024 in relation to change of Directors; and (ii) the annual results announcement of the Company for FY2023 (the “**2023 Annual Results Announcement**”) on 28 March 2024, they are not aware of other particular reason that led to the downward trend of the price of the Shares. The closing prices of the Shares then fluctuated within the range of HK\$0.200 to HK\$0.390 per Share during the period from 31 May 2024 to 3 October 2024. In the morning trading session on 4 October 2024, the trading price of the Shares exhibited a substantial increase of approximately 50.9% from the closing price of HK\$0.265 per Share on 3 October 2024 to HK\$0.400 per Share. At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 1:00 p.m. on 4 October 2024 to 9 October 2024 pending the release of the Rule 3.7 Announcement. According to the Rule 3.7 Announcement, the Company was contemplating to issue certain new Shares under specific mandates to four creditors (including Subscriber A and Subscriber B) (the “**Potential Subscribers**”) for the purpose of capitalizing the outstanding principal amount of existing loans and interest owed by the Group to the Potential Subscribers (the “**Possible Subscriptions**”). In the event that any Possible Subscriptions, if materialized, will lead to any Potential Subscribers holding over 30% of the issued share capital of the Company, such Potential Subscribers will apply to the Executive for a whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the mandatory general offer obligation under Rule 26.1 of the Takeovers Code as a result of the proposed allotment and issue of the new Shares. The Board also confirmed that, having made all such enquiries with respect to the Company as is reasonable in the circumstances, it is not aware of any other reasons for the unusual price movements on 4 October 2024, save for the Possible Subscriptions. Following the resumption of trading on 10 October 2024, the closing price of the Shares surged to HK\$0.470 per Share, representing an increase of 17.5% as compared to that of HK\$0.400 per Share on 4 October 2024 (being the last trading day before the publication of the Rule 3.7 Announcement). We reckon that such increase in the closing price of the Shares was likely due to the market reaction to the Rule 3.7 Announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The closing prices of the Shares then exhibited, in general, a decreasing trend and closed at HK\$0.300 per Share on 28 November 2024. On 28 November 2024 (after trading hours), the Company entered into the Subscription Agreement with Subscriber A and Subscriber B. Following the date of the Subscription Agreement, the closing price of the Shares were relatively stable, ranging from HK\$0.242 per Share to HK\$0.300 per Share. As at the Latest Practicable Date, the closing price of the Shares was HK\$0.255 per Share.

(b) Review on historical trading volume

The following table sets out the trading volume of the Shares during the Review Period:

Table 2: Trading volume of the Shares during the Review Period

Month/Period	Total trading volume	Number of trading days	Average daily trading volume of the Shares	Average daily trading volume as a percentage of the total number of Shares in issue	Average daily trading volume as a percentage of the number of Shares held by public Shareholders
	(No. of Shares)		(No. of Shares)	(Note 2)	(Note 3)
October 2023 (From 10 October 2023)	26,825,050	15	1,788,337	0.677%	1.463%
November 2023	8,635,450	22	392,520	0.149%	0.321%
December 2023	13,311,650	19	700,613	0.265%	0.573%
January 2024	10,385,700	22	472,077	0.179%	0.386%
February 2024	3,591,100	19	189,005	0.072%	0.155%
March 2024	35,184,950	20	1,759,248	0.666%	1.440%
April 2024	6,373,750	20	318,688	0.121%	0.261%
May 2024	17,459,900	21	831,424	0.315%	0.680%
June 2024	47,890,200	19	2,520,537	0.954%	2.063%
July 2024	8,329,050	22	378,593	0.143%	0.310%
August 2024	8,286,810	22	376,673	0.143%	0.308%
September 2024	5,039,800	19	265,253	0.100%	0.217%
October 2024 (Note 1)	44,694,950	21	2,128,331	0.806%	1.742%
November 2024	8,878,850	21	422,802	0.160%	0.346%
December 2024	1,330,250	20	66,513	0.025%	0.054%
January 2025 (up to the Latest Practicable Date)	1,249,200	17	73,482	0.028%	0.060%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Trading in the Shares was suspended from 1:00 p.m. on 4 October 2024 to 9 October 2024 pending the release of the Rule 3.7 Announcement.
2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 264,089,506 Shares).
3. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders as at the Latest Practicable Date (i.e. 122,207,387 Shares).

As illustrated in Table 2 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 66,513 Shares to approximately 2,520,537 Shares, representing approximately 0.025% to approximately 0.954% of the total number of issued Shares as at the Latest Practicable Date, or approximately 0.054% to approximately 2.063% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date.

During the Pre-announcement Period, we noted that the average daily trading volume of the Shares in October 2023, March 2024, June 2024 and October 2024 ranging from approximately 1,759,248 Shares to approximately 2,520,537 Shares (representing approximately 1.440% to approximately 2.063% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date) were relatively high, as compared to that of other month/period during the Pre-announcement Period (all of which were below 1% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date). In view of the above, we further reviewed and noted that there were approximately 84.3% of the trading days during the Pre-announcement Period (i.e. 237 out of the total 281 trading days) on which the trading volume was below 1% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date, while there were only six trading days during the Pre-announcement Period on which the trading volume was over 5% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date (the “**Active Trading Days**”). We have discussed with the Management regarding the high daily trading volume on the Active Trading Days and were advised that save for the publication of the Rule 3.7 Announcement on 9 October 2024, they are not aware of other particular reason that led to the relatively high trading volume of the Shares.

During the Post-announcement Period, the average daily trading volume of the Shares remained thin and amounted to approximately 73,407 Shares (representing approximately 0.060% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date).

In view of the above, the average daily trading volume of the Shares during the Review Period (including the Pre-announcement Period and the Post-announcement Period), in general, were thin.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Comparable analysis

In assessing the fairness and reasonableness of the Subscription Price, we attempted to compare the Subscription Price against the market valuation of other comparable companies using the price-to-earnings ratio (“**PE ratio**”) and the price-to-book ratio (“**PB ratio**”), which are commonly used valuation multiples. However, since the Company recorded loss attributable to the owners of the Company in FY2023 and was in a net liabilities position as at 30 June 2024, therefore, the comparison by using the PE ratio and the PB ratio are not applicable.

Given that (i) 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 PRC (the “**Relevant Business**”); (ii) the Subscription constitutes a connected transaction; and (iii) the issue and allotment of the Subscription Shares will trigger mandatory offer obligation under Rule 26 of the Takeovers Code (the “**Mandatory Offer Obligation**”), we have attempted to identify comparable companies with the following selection criteria: (a) companies listed on the Stock Exchange (other than those with multiple classes of shares, whose share and capital structure may be different from that of the Company (which only has a single class of shares in trading)); (b) companies principally engaged in the Relevant Business; and (c) companies announced subscription of new shares by connected person(s) involving the Mandatory Offer Obligation during the 12-month period immediately before the date of Subscription Agreement. Nevertheless, we were unable to identify suitable comparable companies that met the aforementioned selection criteria.

In this regard, we have relaxed the selection criteria to all subscription of new shares by connected person(s) involving the Mandatory Offer Obligation which were announced by companies listed on the Stock Exchange (other than those with multiple classes of shares) during the 12-month period immediately before the date of the Subscription Agreement. Based on the information available from the website of the Stock Exchange, we have identified an exhaustive list of 3 comparable subscriptions (the “**Comparables**”) which met the said criteria and had been completed as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the businesses, operations and prospects of the Company are not the same as the relevant issuers of the Comparables and thus the comparison of the terms between the Comparables and the Subscription Price may not represent an identical comparison. We, however, consider that such comparison could be treated as an indication as to the reasonableness and fairness of the terms of the Subscription Price. The relevant details of the Comparables are set forth in Table 3 below:

Table 3: Details of the Comparables

Date of relevant announcement	Company name	Stock code	Fund raising size (HK\$ million)	Subscription size as a percentage of the issued shares (%)	Premium/ (discount) of issue price over/to the average share price for the last five consecutive trading days prior to the date of the announcement/	Premium/ (discount) of issue price over/to the average share price for the last ten consecutive trading days prior to the date of the announcement/	Premium/ (discount) of issue price over/to the average share price for the last ten consecutive trading days prior to the date of the announcement/	Premium/ (discount) of issue price over/ to the latest consolidated net assets attributable to shareholders of the Company
					agreement ("Premium/ (Discount) - Last Day") (%)	agreement ("Premium/ (Discount) - 5 Days") (%)	agreement ("Premium/ (Discount) - 10 Days") (%)	("Premium/ (Discount) - NAV") (%)
18 Mar 2024	China Qidian Guofeng Holdings Limited	1280	185.5	201.4	(31.37)	(31.64)	(30.97)	N/A (Note)
14 Jun 2024	Sinopharm Tech Holdings Limited	8156	45.0	245.0	(18.70)	(18.70)	(17.70)	N/A (Note)
27 Sep 2024	Sunway International Holdings Limited	58	3.6	20.0	96.08	96.08	86.57	(84.28)
	Maximum:				96.08	96.08	86.57	(84.28)
	Minimum:				(31.37)	(31.64)	(30.97)	(84.28)
	Median:				(18.70)	(18.70)	(17.70)	(84.28)
	Average:				15.34	15.25	12.64	(84.28)
	The Subscription:		135.4	155.3	6.45	13.79	10.92	N/A (Note)

Source: the website of the Stock Exchange

Note: Premium/(Discount) – NAV are not available as those companies recorded deficit attributable to owners of the company based on their then respective latest financial reports.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in Table 3 above, we noted that (i) the Premium/(Discount) – Last Day represented by the issue prices of the Comparables ranged from a discount of approximately 31.37% to a premium of approximately 96.08%, with a median of a discount of approximately 18.70% and an average of a premium of approximately 15.34%; (ii) the Premium/(Discount) – 5 Days represented by the issue prices of the Comparables ranged from a discount of approximately 31.64% to a premium of approximately 96.08%, with a median of a discount of approximately 18.70% and an average of a premium of approximately 15.25%; and (iii) the Premium/(Discount) – 10 Days represented by the issue prices of the Comparables ranged from a discount of approximately 30.97% to a premium of approximately 86.57%, with a median of a discount of approximately 17.70% and an average of a premium of approximately 12.64%. The Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the Subscription Price are within the range and higher than the median of the Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the issue prices of the Comparables, respectively. Although the range of the Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the issue prices of the Comparables are considerably wide, we noted that all the Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the issue prices of the Comparables do not exceed two standard deviations from the respective average and we, therefore, consider it reasonable and appropriate to retain all Comparables for our analysis.

In addition, two out of three Comparables recorded deficit attributable to owners of the company based on their then respective latest financial reports. As at 30 June 2024, the Group recorded unaudited net liabilities of approximately RMB346.4 million (equivalent to approximately HK\$380.7 million). The Subscription Price represents an excess of approximately HK\$1.77 over the unaudited net liabilities per Share of approximately HK\$1.44 as at 30 June 2024, which is in the interests of the Company and the Shareholders as a whole.

Having taken into account that (i) the Subscription Price represents (a) a premium of approximately 6.45% over the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) a premium of approximately 13.79% over the average closing price of HK\$0.290 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; (c) a premium of approximately 10.92% over the average closing price of approximately HK\$0.298 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement; and (d) an excess of approximately HK\$1.77 over the unaudited net liabilities per Share of approximately HK\$1.44 as at 30 June 2024; and (ii) the Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the Subscription Price are within the range and higher than the median of the Premium/(Discount) – Last Day, the Premium/(Discount) – 5 Days and the Premium/(Discount) – 10 Days represented by the issue prices of the Comparables, respectively, we consider that the Subscription Price is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Lock-up period

Pursuant to the Subscription Agreement, the Subscription Shares are subject to a lock-up period of six months commencing from the date of Completion.

Given the fact that the Subscribers and their parties acting in concert comprise of the two executive Directors (namely, Mr. Ng and his daughter, Ms. Ng Anna Ching Mei) who have been playing an indispensable role in the development and management of the Group, any disposal of the Subscription Shares by the Subscribers after issue of the Subscription Shares might trigger an instant fluctuation on the Share price. We consider that the arrangement of the lock-up period could effectively prevent any unfavorable and unusual price movement of the Shares provoked by the disposal of the Subscription Shares by the Subscribers during the six-month period upon Completion, and at the same time, procure and ensure the commitment of the Subscribers and their parties acting in concert to the Group's development. As such, we are of the view that the arrangement of the lock-up period is in the interests of the Company and the Shareholders as a whole.

(iii) Other major terms of the Subscription Agreement

In addition to the Subscription Price and the lock-up period, we have also reviewed other major terms of the Subscription Agreement (including the settlement terms, the conditions of the Subscription Agreement (details of which are set out in the Letter from the Board) and the termination of the Subscription Agreement). After comparing with the subscription agreements of the Comparables, we are not aware of any term of the Subscription Agreement which is unusual.

(iv) Conclusion

In view of the above, we concur that the view of the Directors that the terms of the Subscription Agreement (including the Subscription Price) are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

6. Potential dilution effect on the interests of the Independent Shareholders

The change in shareholding structure of the Company arising from the Subscription is set out in the paragraph headed "*EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY*" in the Letter from the Board. The shareholding interest of other public Shareholders would reduce by approximately 28.14 percentage points from approximately 46.27% as at the Latest Practicable Date to approximately 18.13% immediately upon Completion (assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date of Completion).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account (i) the reasons for and benefits of the Subscription as described under the section headed “4. *Background of and reasons for the entering into of the Subscription Agreement*” above; (ii) the terms of the Subscription Agreement are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole (please refer to our analysis as set out in the section headed “5. *Principal terms of the Subscription Agreement*” above), we consider that the possible dilution effect on the shareholding interests of the other public Shareholders is acceptable.

7. Financial effect of the Subscription

(a) Effect on total liabilities

According to the 2024 Interim Report, the unaudited total liabilities of the Group as at 30 June 2024 amounted to approximately RMB685.2 million (equivalent to approximately HK\$752.9 million). Pursuant to the Subscription Agreement, the aggregate Subscription Price of approximately HK\$135.4 million shall be satisfied by way of (i) offsetting HK\$87.00 million in the outstanding principal amount and the accrued interest of the shareholder’s loans under the Loan Agreement A; and (ii) offsetting HK\$48,351,648.35 in the outstanding principal amount and the accrued interest of the loans under the Loan Agreement B. Accordingly, upon Completion, the Group’s total liabilities will be decreased by approximately HK\$135.4 million (equivalent to approximately RMB\$123.2 million), assuming that there will be no other repayments of the Group’s liabilities or new borrowings.

(b) Effect on net liabilities

According to the 2024 Interim Report, the unaudited net liabilities of the Group as at 30 June 2024 was approximately RMB346.4 million (equivalent to approximately HK\$380.7 million). Upon Completion and without taking into account the costs and expenses incidental to the Subscription, the Loan Capitalization and the Whitewash Waiver, the net liabilities of the Group would be decreased by approximately RMB123.2 million (equivalent to approximately HK\$135.4 million) to approximately RMB223.2 million (equivalent to approximately HK\$245.3 million), representing an improvement of approximately 35.6%. Given the fact that the Subscription Price represents a premium of approximately HK\$1.77 over the unaudited net liabilities per Share of approximately HK\$1.44 (equivalent to approximately RMB1.31) as at 30 June 2024, it is expected that the Subscription will have positive impact on the net asset value of the Company.

(c) Effect on working capital

As the majority portion of the outstanding loans amount under the Loan Agreements will be settled by the allotment and issue of the Subscription Shares without cash outlay by the Group (save and except the costs and expenses incidental to the Subscription, the Loan Capitalization and the Whitewash Waiver), the Loan Capitalization would enable the Company to free the cash flow on its general working capital, for repayment of other borrowings and/or development of its business without affecting the working capital of the Company. Accordingly, the cash and liquidity positions of the Group are expected to improve upon Completion.

Although the above analysis is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion, based on the above analyses, the Subscription and the Loan Capitalization would have a positive impact on the Group's total liabilities, net asset value and working capital. On such bases, we are of the view that the entering into of the Subscription Agreement is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

8. Whitewash Waiver

As at the Latest Practicable Date, Subscriber A and Subscriber B were parties acting in concert. Subscriber A and Subscriber B, together with their respective concert parties hold 95,494,833 Shares in aggregate, representing approximately 36.16% of the issued share capital of the Company. The shareholding of Subscriber A, Subscriber B and parties acting in concert with each of them will increase to approximately 75.00% of the issued share capital of the Company immediately after Completion and assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Subscriber A and Subscriber B will be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Subscriber A, Subscriber B or parties acting in concert with each of them, unless the Whitewash Waiver has been obtained from the Executive.

Subscriber A together with Subscriber B have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval of the Independent Shareholders taken by way of a poll at the EGM. The resolution in relation to the Whitewash Waiver shall be approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders in person or by proxy by way of poll in respect of the Whitewash Waiver and the underlying transactions (i.e. the Subscription, the Loan Capitalization, and the Specific Mandate) at the EGM. If the Whitewash Waiver is granted by the Executive and is approved by the Independent Shareholders and Completion having taken place, each of Subscriber A (together with parties acting in concert with it) and Subscriber B (together with parties acting in concert with it) will be interested in approximately 45.12% and 29.88% in the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company respectively. As such, each of them remains subject to the restrictions under Rule 26 of the Takeovers Code on an individual basis including, in respect of Subscriber A and parties acting in concert with it, the 2% creeper rule under Rule 26.1 of the Takeovers Code.

Pursuant to the Subscription Agreement, Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. Furthermore, if the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription Agreement will lapse. Accordingly, the Company will lose all the benefits that are expected to be brought by the Subscription as discussed in the section headed “4. *Background of and reasons for the entering into of the Subscription Agreement*” above.

In view of the above, we are of the opinion that the Whitewash Waiver is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Notwithstanding that the Loan Capitalization will incur dilution effect on the shareholding of the existing Shareholders as discussed in the section headed “6. *Potential dilution effect on the interests of the Independent Shareholders*” above, having taken into account the above principal factors and reasons, in particular the facts that:

- (i) it is anticipated that, without conducting any equity/debt fund raising activities by the Company, the Group would not have sufficient financial resources to settle the debt that will be due for repayment within next twelve months from 31 October 2024;
- (ii) the outstanding loan amount under the Loan Agreement A is repayable on demand, while the outstanding loan amount under the Loan Agreement B has been due on 16 June 2022;
- (iii) the Loan Capitalization will, on one hand, alleviate the repayment pressure of the majority portion of the outstanding loans amount under the Loan Agreements on the Group without cash outlay and, on the other hand, moderate the Group’s debt level thereby strengthening the Group’s financial position and alleviating the Going Concern Issue, which will, in turn, place the Group at a better position to negotiate and obtain fund raising arrangements or debt financing for its business development and expansion in future when necessary;
- (iv) the Loan Capitalization will lower the finance cost of the Group by HK\$10.44 million per annum;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) the Loan Capitalization, to a certain extent, reflects the commitment and confidence of Subscriber A (being the existing substantial Shareholder) and the Subscriber B (being the concert party of the existing substantial Shareholder) on the long-term prosperity of the Group;
- (vi) the Loan Capitalization is the most desirable means available for the Group to settle the outstanding loans amount under the Loan Agreements; and
- (vii) the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable so far as the Independent Shareholders are concerned,

we consider that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, the Subscription Agreement are on normal commercial terms, and the Subscription and the grant of the Specific Mandate are fair and reasonable, and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

Having taken into account the facts that (i) Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders; (ii) if the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription Agreement will lapse and the Subscription will not proceed, and accordingly, the Company will lose all the benefits that are expected to be brought by the Subscription as discussed in the section headed “4. *Background of and reasons for the entering into of the Subscription Agreement*”, we consider that the Whitewash Waiver is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolutions at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, and the grant of the Specific Mandate and the Whitewash Waiver.

Yours faithfully,
For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan
Managing Director

Alfred Wong
Managing Director

Note: Mr. Hidulf Kwan is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 25 years of experience in the corporate finance industry.

Mr. Alfred Wong is a licensed person registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in the corporate finance industry.

I. FINANCIAL SUMMARY

Details of the audited consolidated financial information of the Group for the years ended 31 December 2021, 2022 and 2023, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.ntpharma.com>):

- (i) The audited condensed consolidated financial statements of the Group for the year ended 31 December 2021 were disclosed in the Company's annual report for the year ended 31 December 2021, which was published on 30 May 2022 and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0530/2022053001249.pdf>

- (ii) The audited condensed consolidated financial statements of the Group for the year ended 31 December 2022 were disclosed in the Company's annual report for the year ended 31 December 2022, which was published on 27 April 2023 and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704256.pdf>

- (iii) The audited condensed consolidated financial statements of the Group for the year ended 31 December 2023 were disclosed in the Company's annual report for the year ended 31 December 2023, which was published on 30 April 2024 and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001620.pdf>

- (iv) The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 were disclosed in the Company's interim report for the six months ended 30 June 2024, which was published on 30 September 2024 and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0930/2024093001082.pdf>

Summary of financial information of the Group

The following is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2021, 2022 and 2023 respectively, as extracted from the relevant published annual report of the Company for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2024 as extracted from the published interim report of the Company:

	For the six months ended 30 June 2024 <i>RMB'000</i> (unaudited)	For the year ended 31 December 2023 <i>RMB'000</i> (audited)	2022 <i>RMB'000</i> (audited) (Restated)	2021 <i>RMB'000</i> (audited)
Revenue	31,297	7,366	– ⁽¹⁾	226,699
Profit/(loss) before taxation	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	(148,752)
Profit/(loss) before taxation from continuing operations	785	(33,369)	(50,040)	N/A ⁽³⁾
Income tax expense	(124)	(122)	N/A ⁽⁵⁾	(2,582)
Profit/(loss) for the year/period	661	(143,590)	(66,450)	(151,334)
– From continuing operations	661	(33,491)	(50,040)	N/A ⁽³⁾
– From discontinued operations	N/A	(110,099)	(16,365)	N/A ⁽³⁾
Loss for the year/period attributable to owners of the Company	661	(143,590)	(66,405)	(149,538)
– From continuing operations	661	(33,491)	(50,040)	N/A ⁽³⁾
– From discontinued operations	N/A	(110,099)	(16,365)	N/A ⁽³⁾
Loss for the year/period attributable to non-controlling interests	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾	(1,796)
Other comprehensive income/(expense) for the year/period (net of tax)	(7,511)	(1,419)	35,518	(32,547)
Total comprehensive income/(expense) attributable to equity holders of the Company	(6,850)	(145,009)	(30,887)	(182,085)
– From continuing operations	(6,850)	(36,299)	(58,338)	N/A ⁽³⁾
– From discontinued operations	N/A	(108,710)	27,451	N/A ⁽³⁾
Total comprehensive income/(expense) attributable to non-controlling interests	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾	(1,796)
Profit/(loss) per share (expressed in RMB cents per share, basic and diluted)	0.03	(7.26)	(3.49)	(7.91)
– From continuing operations	0.03	(1.69)	(2.63)	N/A ⁽³⁾
– From discontinued operations	N/A	(5.57)	(0.86)	N/A ⁽³⁾
Dividend	–	–	–	–

Notes:

- (1) No revenue was recorded from continuing operation for the year ended 31 December 2022. All the revenue for the year ended 31 December 2022 amounting to RMB207,092,000 was generated from the discontinued operations resulting from disposal of Suzhou First Pharma, which was completed on 1 August 2023.
- (2) No such information has been disclosed in the relevant interim report or annual reports.
- (3) No breakdown of profit/(loss) from continuing operations and discontinued operations have been restated for the year ended 31 December 2021.
- (4) There were no non-controlling interests.
- (5) No information on income tax expense for continuing operation for the year ended 31 December 2022 has been disclosed in the relevant restated financial statements set out in the annual report for the year ended 31 December 2023.

Save as disclosed above, the Group had no other material income or expense for the years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024.

The auditor of the Company for the two years ended 31 December 2023 and 2022 was Moore CPA Limited (formerly known as “Moore Stephens CPA Limited”). The audit opinions of Moore CPA Limited in respect of the above years were qualified with material uncertainty related to going concern, details of which as extracted from the relevant independent auditor’s reports set out below:

For the year ended 31 December 2023 as extracted from the annual report of the Group for the year ended 31 December 2023

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

As described in note 2 to the consolidated financial statements, the Group incurred a loss of approximately RMB33,491,000 from its continuing operations for the year ended 31 December 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB652,810,000 and RMB339,565,000, respectively. The Group’s total borrowings amounted to approximately RMB343,926,000, of which approximately RMB21,701,000, RMB286,087,000 and RMB32,920,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2023, respectively, while the Group’s total cash and bank balances amounted to approximately RMB1,520,000 as at 31 December 2023, details are set out in notes 2 and 27 to the consolidated financial statements. In addition, the Group is liable for two unsettled loans from its former subsidiaries due to financial guarantee contracts which amounting to approximately RMB170,713,000 as set out in note 28 to the consolidated financial statements. The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The audit opinions of Moore CPA Limited in respect of the above years were not qualified nor modified.

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

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default;
- (ii) Successful develop itself into an integrated platform enterprise that covers Full Management of Osteopathic Diagnosis and Treatment and expand its market share;
- (iii) Successful obtaining new sources of financing to repay such borrowings upon the due date; and
- (iv) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

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

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditor of the Company in respect of the Group's audited consolidated financial statements for the three years ended 31 December 2023."

For the year ended 31 December 2022 as extracted from the annual report of the Group for the year ended 31 December 2022

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

As described in note 2(b) to the consolidated financial statements, the Group incurred a net loss of approximately RMB66,405,000 for the year ended 31 December 2022, and as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB1,096,259,000 and RMB241,658,000, respectively. The Group’s total borrowings amounted to approximately RMB825,045,000, of which approximately RMB460,317,000, RMB82,693,000 and RMB282,035,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2022, respectively, while the Group’s total cash and bank balances amounted to approximately RMB5,931,000 as at 31 December 2022, of which approximately RMB4,015,000 were restricted cash at bank. Details are set out in notes 2(b), 21 and 26 to the consolidated financial statements. In addition, the Group was involved in various litigation and arbitration cases for various reasons as disclosed in note 37 to the consolidated financial statements.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. As detailed in note 2(b) to the consolidated financial statements, in view of the above circumstances, the directors of the Company have prepared a cash flow forecast of the Group based on certain major assumptions, including but not limited to the following:

- (i) Successful negotiations with the Group’s existing lenders such that no action will be taken by the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default;
- (ii) Successful negotiations with financial institutions and other lenders for the renewal of or extension for repayment of outstanding borrowings, including those that are overdue as at the date of approval of these consolidated financial statements and those that will fall due before 31 December 2023;
- (iii) Successful implementation and acceleration of its disposal plan of the Group’s assets, including timely execution of definitive sales agreements and timely collection of the disposal proceeds;
- (iv) Successful obtaining new sources of financing to repay such borrowings upon the due date; and
- (v) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

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

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

II. INDEBTEDNESS

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had:

	<i>RMB'000</i>
Secured other borrowings ^(a)	30,281
Unsecured other borrowings ^(b)	305,842
Unsecured corporate bonds ^(c)	20,674
Interest payables included in other payables and accruals ^(d)	118,213
Leased liabilities ^(e)	373
Financial guarantee contracts ^(f)	177,008
	<u>652,391</u>

Notes:

- (a) As at 31 October 2024, secured other borrowings carried fixed interest rates ranging from 20.00% to 24.00% per annum, which were guaranteed by the Company, certain wholly-owned subsidiaries of the Company and two executive directors of the Company, Mr. Ng Tit and Ms. Chin Yu.
- (b) As at 31 October 2024, unsecured other borrowings included several other borrowings with aggregated carrying amount of approximately RMB305,842,000, carried fixed interest rates ranged from 5.00% to 33.60% per annum and are repayable on demand.
- (c) The Group's corporate bonds were denominated in HK\$, with duration of four months to four years from the date subscribed. As at 31 October 2024, certain corporate bonds with carrying amount of approximately RMB12,874,000 were default and all the bonds' holders are independent third parties of the Group.

- (d) As at 31 October 2024, included in interest payables are approximately RMB116,485,000 and RMB1,728,000 in relation to the other borrowings and corporate bonds, respectively.
- (e) As at 31 October 2024, the Group entered into a lease agreement for leasing of property and recognised right-of-use assets and lease liabilities for the lease agreement. Such lease liabilities amounted to approximately RMB373,000 as at 31 October 2024, of which RMB278,000 were classified as current liabilities and RMB95,000 were classified as non-current liabilities.
- (f) On 27 April 2023, the Court accepted the application of the Restructuring of a former wholly-owned subsidiary, Suzhou First Pharma and appointed the Administrator to execute the Restructuring.

According to the Restructuring, the Company has provided financial guarantees to Suzhou First Pharma and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 and RMB58,030,000 as at the date of completion date of transfer (i.e. 1 August 2023).

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

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

As at 31 October 2024, the financial guarantee contract represented the fair value of the financial guarantee, which was determined by the management of the Company based on the fair value of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

As a result, financial guarantee contracts of approximately RMB133,008,000 and RMB44,000,000 were recognized as at 31 October 2024.

Up to 31 October 2024, the lenders have not taken any actions to claim the Company in respect of these financial guarantees.

Contingent liabilities

As at 31 October 2024, being the latest practicable date for the preparation of the indebtedness statement in this circular, the Group did not have any contingent liabilities.

The Group did not have any debt securities, issued and outstanding, and authorized or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or not), any other borrowings, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 October 2024.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of information (other than those relating to the Subscribers and the parties acting in concert with any of them) contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the directors of Subscriber A in their capacity as such) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The directors of the Subscriber A, being Mr. Ng Tit and Ms. Chin Yu, and Subscriber B, being Mr. Leong Iat, jointly and severally accept full responsibility for the accuracy of the information relating to the Subscribers and parties acting in concert with any of them contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statements in this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately upon allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of Completion other than the issue of the Subscription Shares) is as follows:

(i) Share capital as at the Latest Practicable Date

	Nominal Value per Share	Number of Shares
Authorized:		
As at the Latest Practicable Date	US\$0.0000008	62,592,500,000 ordinary Shares and 32,500,000 preference Shares
Issued and fully paid:		
As at the Latest Practicable Date	US\$0.0000008	264,089,506

(ii) Share capital immediately upon Completion assuming that there is no other change in the issued share capital of the Company other than the issue of the Subscription Shares

	Nominal Value per Share	Number of Shares
Authorized:		
As at Completion	US\$0.00000008	62,592,500,000
Issued and fully paid:		
As at the Latest Practicable Date	US\$0.0000008	264,089,506
Subscription Shares to be issued pursuant to the Subscription	US\$0.0000008	410,156,509
Shares in issue upon Completion	US\$0.0000008	674,246,015

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

The Subscription Shares to be allotted and issued will, when issued, rank *pari passu* in all respects with the Shares then in issue. The Subscribers will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Subscription Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

Save as provided above, no Share has been issued since 31 December 2023 (being the date on which the latest audited financial statements of the Group were made up) and up to the Latest Practicable Date.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

As at the Latest Practicable Date, save as disclosed above, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

3. MARKET PRICE

The table below sets out the closing prices per Share as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the period commencing on the date falling six months preceding 28 November 2024, being the date of the Announcement, up to and including the Latest Practicable Date (“**Relevant Period**”); (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 May 2024 (<i>note</i>)	0.220
28 June 2024 (<i>note</i>)	0.350
31 July 2024	0.265
30 August 2024	0.255
30 September 2024	0.232
31 October 2024	0.335
27 November 2024 (being the Last Trading Day)	0.310
31 December 2024	0.270
24 January 2025 (being the Latest Practicable Date)	0.255

Note: the share was restated by share consolidation of every ten issued and unissued existing shares into one consolidated share.

4. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executives

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (d) were re-quired to be disclosed under the Takeovers Code were as follows:

Name of Director/ Chief Executive	Number of shares of the Company			Approximate percentage of the issued Shares ⁽³⁾
	Personal Interests	Family Interests	Corporate Interests	
Ng Tit	500,000 ⁽¹⁾	2,233,333 ⁽¹⁾	402,892,000 ⁽²⁾	15.36%
Chin Yu	2,733,333 ⁽¹⁾	–	402,892,000 ⁽²⁾	15.36%
Yu Tze Shan Hailson	150,000	–	–	0.01%

Notes:

- (1) Mr. Ng Tit and his spouse, Ms. Chin Yu jointly own 500,000 shares of the Company. Ms. Chin also personally own 2,233,333 shares of the Company.
- (2) An aggregate of 402,892,000 shares of the Company are beneficially owned by Golden Base Investment Limited (“**Golden Base**”). Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders of Golden Base.
- (3) The percentage is calculated on the basis of 2,640,895,063 Shares in issue as at the Latest Practicable Date but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options or convertible preference shares of the Company which remained outstanding as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant

to the Model Code, to be notified to the Company and the Stock Exchange, or which were required to be disclosed under the Takeovers Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies / individuals had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name	Number of shares of the Company (long positions)			Approximate percentage of the issued Shares ⁽²⁾
	Beneficial owner	Interests of controlled corporation	Family interests	
Golden Base	402,892,000	–	–	15.25%
Annie Investment Co., Ltd. ⁽¹⁾	1,700,000	–	–	0.06%
Shum Ning ⁽¹⁾	–	1,700,000	547,623,000	20.80%
Ieong Chong Mang ⁽¹⁾	547,623,000	–	1,700,000	20.80%
Wang Minzhi	463,722,859	–	–	19.50%

Notes:

- (1) Annie Investment Co., Ltd., a company wholly-owned by Shum Ning (“**Ms. Shum**”), is the beneficial owner as to 1,700,000 Shares. Ieong Chong Mang (“**Mr. Ieong**”) is the beneficial owner as to 547,623,000 Shares (representing approximately 20.8% of the entire issued share capital as at 30 June 2024). Ms. Shum is the spouse of Mr. Ieong. Under the SFO, Ms. Shum is deemed to be interested in all the shares and underlying shares in which Mr. Ieong is interested in and vice versa.
- (2) The percentage is calculated on the basis of 2,640,895,063 shares of the Company in issue as at the Latest Practicable Date but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options or convertible preference shares of the Company which remained outstanding as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

5. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date, each of Subscriber A and Subscriber B confirms that:

- (a) other than the Subscription, none of Subscriber A or Subscriber B or parties acting in concert with any of them has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of the Announcement and up to the Latest Practicable Date;
- (b) other than the Subscription, none of Subscriber A or Subscriber B or parties acting in concert with any of them has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of the Announcement and up to the Latest Practicable Date, which is subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors (including informal discussions) in relation to the proposed issue of new securities;
- (c) other than the Subscription, none of Subscriber A or Subscriber B or parties acting in concert with any of them will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the Latest Practicable Date and the Completion;
- (d) save as disclosed in the section headed “Effects on Shareholding Structure of the Company” in this circular, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by Subscriber A or Subscriber B or parties acting in concert with any of them;
- (e) none of Subscriber A or Subscriber B or parties acting in concert with any of them holds any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any of Subscriber A or Subscriber B or parties acting in concert with any of them;
- (g) there is no agreement, arrangement or understanding pursuant to which the Subscription Shares would be transferred, charged or pledged to any other persons;

- (h) save for the Subscription Agreement, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Subscriber A or Annie Investment Co., Ltd. and which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (i) none of Subscriber A or Subscriber B or parties acting in concert with any of them has received any irrevocable commitment from any person as to whether they will vote for or against the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate and/or the Whitewash Waiver;
- (j) save for the Subscription Agreement, there are no agreements or arrangements to which Subscriber A or Subscriber B is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription or the Whitewash Waiver;
- (k) none of Subscriber A or Subscriber B or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (l) save for the Subscription Price for the Subscription Shares payable under the Subscription Agreement, none of Subscriber A or Subscriber B or parties acting in concert with any of them has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Subscription;
- (m) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Subscriber A or Subscriber B or parties acting in concert with any of them on the one hand and the Company or any parties acting in concert with it on the other hand;
- (n) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Subscriber A or Subscriber B or parties acting in concert with any of them on the one hand and any of the Shareholders on the other hand; and
- (o) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other hand.

As at the Latest Practicable Date,

- (a) the Company had no shareholding interest or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Subscriber A, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Subscriber A during the Relevant Period;
- (b) save for the fact that (1) Subscriber A was legally and beneficially owned as to 50% by Mr. Ng Tit, the Chairman and an executive Director of the Company, and 50% by Ms. Chin Yu, a non-executive Director of the Company and the spouse of Mr. Ng Tit, (2) Subscriber B is son of Mr. Jeong Chong Mang and Ms. Shum Ning, and Mr. Jeong Chong Mang and Annie Investment Co., Ltd. (a company legally and beneficially and wholly owned by Ms. Shum Ning) are substantial shareholders of the Company, which are, in aggregate, interested in 54,932,300 Shares, representing approximately 20.8% of the issued share capital of the Company, and those as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, none of the Directors or any persons acting in concert with them was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Subscriber. During the Relevant Period, none of the Directors or any persons acting in concert with them had dealt for value in any shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscribers;
- (c) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (d) no person had any arrangement of the kind as described to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code;
- (e) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (f) other than Subscriber A, there were no other Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver or are required, or indicated to the Company of his/her/its intention, to abstain from voting in the relevant resolutions at the EGM;

- (g) neither the Company nor any of the Directors has borrowed or lent any shares and/or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (h) no benefit will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver;
- (i) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver or otherwise connected with any of them; and
- (j) save for the Subscription Agreement, there was no material contract which have been entered into by the Subscribers in which any Director has any material personal interest.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within 6 months before the date of the Announcement and up to the Latest Practicable Date; (ii) are continuous contracts with a notice period of 12 months or more; (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period; or (iv) are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. DIRECTOR'S INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023 (being the date of which the latest published audited financial statements of the Group were made up).

8. INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, there is no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party, subsisting, and in which a Director had, whether directly or indirectly, a material interest.

9. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

10. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date, other than the Subscription Agreement:

- (a) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber or any person acting in concert with it and any Director regarding any benefit to any Director as compensation for loss of office or otherwise in connection with the Subscription Agreement or the Whitewash Waiver;
- (b) there was no agreement, arrangement or understanding between any Director and any other person which is conditional on/or dependent upon the outcome of the Subscription Agreement or Whitewash Waiver otherwise connected with the Subscription Agreement or Whitewash Waiver; and
- (c) none of the Directors was materially interested in any contract entered into by the Subscribers.

11. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material changes in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

- (a) As disclosed in the interim report of the Company for the six months ended 30 June 2024 (“**1H2024**”),
 - (i) in August 2023, as part of the Restructuring, an equity transfer agreement was entered into with the independent investors solicited by the administrator appointed by the Court (the “**Investors**”) in relation to the transfer (the “**Equity Transfer**”) of the entire interest in Suzhou First Pharma, a former wholly-owned subsidiary of the Company, to the Investors. The Equity Transfer was deemed to be completed in August 2023 and Suzhou First Pharma was no longer a subsidiary of the Company since then. Prior to the Equity Transfer, Suzhou First Pharma was principally engaged in manufacturing and sale of proprietary pharmaceutical products (the “**Disposed Business**”), and contributed revenue of approximately RMB74.2 million to the Group during the six months ended 30 June 2023 (“**1H2023**”), which has been treated and presented as discontinued

operations in the consolidated financial statements of the Company for 1H2023. Following completion of the Equity Transfer, no revenue was generated from the Disposed Business in 1H2024;

- (ii) the Group recorded revenue of approximately RMB31.3 million from continuing operations in 1H2024, representing a substantial increase of approximately 3.2 times as compared to approximately RMB7.4 million in 1H2023. Most of the Group's revenue in 1H2024 was derived from the newly established digital healthcare service business (the “**Digital Healthcare Service Business**”); and
 - (iii) the Group made a turnaround from loss making position to profit making position in 1H2024. The Group recorded profit attributable to the owners of the Company of approximately RMB0.7 million, as compared to loss of approximately RMB5.6 million in 1H2023. Such improvement was mainly attributable to (i) the decrease in finance costs of approximately RMB7.1 million; (ii) the decrease in general and administrative expenses of approximately RMB3.1 million; and (iii) the absence of the recognition of loss from discontinued operations in 1H2024 (1H2023: loss of approximately RMB0.8 million), which was partially offset by (a) the decrease of share of results of associates of approximately RMB3.1 million; and (b) the decrease of gross profit from continuing operations of approximately RMB1.7 million.
- (b) As disclosed in the announcement of the Company dated 8 January 2025 regarding an update on the Group's financial information, based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2024 (“**10M2024**”) and the information currently available to the Board, the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million in 10M2024, as compared to net loss of approximately RMB152.9 million for the ten months ended 31 October 2023 (“**10M2023**”). Such expected decrease in net loss in 10M2024 was mainly attributable to (a) the absence of the recognition of loss from the Disposed Business in 10M2024 (10M2023: loss of approximately RMB110.1 million); and (b) the fact that an one-off consultancy fee of approximately RMB37.7 million for the provision of consultancy services by two consultants for overseeing technology and product registration searches and development, crafting research plans for clinical trials, and submitting clinical applications to regulatory bodies for the Group's projects was paid by the Group in 10M2023, while no consultancy fee was paid by the Group in 10M2024.
- (c) As a result of the Equity Transfer and the change of the principal business of the Group from the Disposed Business to the Digital Healthcare Service Business as mentioned above, the Group no longer has any transaction with the customers and the suppliers of the Disposed Business in 10M2024. The top five customers of the Group in 10M2024 accounted for approximately 99.98% of the total revenue of the Group, while the top five suppliers of the Group in 10M2024 accounted for approximately

92.3% of the total purchase of the Group. Except for the third largest customer, which has already commenced the business relationship with the Group in 10M2023, the Group has only commenced the business relationship with all these top five customers and suppliers in 10M2024.

12. LITIGATION

Save as disclosed in this circular, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

13. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinions or advice which are contained in this circular:

Name	Qualification
Alliance Capital Partners Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Astrum Capital Management Limited	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Moore CPA Limited	Certified Public Accountants

The expert named above has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter, report and/or advice and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert named above did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

14. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date of this circular and are or may be material:

- (a) the Subscription Agreement; and
- (b) the Loan Agreement A.

15. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, save for the disclosure made in the paragraph 3(a) headed “Interests of Directors and Chief Executives” in this Appendix, none of the Directors or proposed Director was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (d) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands; and the principal place of business and headquarters in Hong Kong is situated at 28th Floor, The Wellington, 198 Wellington Street, Sheung Wan, Hong Kong.
- (e) The registered office of the Independent Financial Adviser is at Room 2704, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (f) The correspondence address of Subscriber A is at Suite 3613, 36/F Cosco Tower, 183 Queen’s Road Central, Hong Kong.
- (g) The correspondence address of Subscriber B is at Room 901, Yuhua Mountain, No. 328 Huashan Road, Jing’an District, Shanghai, China.

- (h) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (i) The company secretary of the Company is Mr. Cheng Cheung King.
- (j) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the HKEXnews (<http://www.hkexnews.hk>), the SFC (www.sfc.hk) and the Company (www.ntpharma.com) for a period of 14 days from the date of this circular up to and including the date of EGM:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the articles of association of Subscriber A;
- (c) the letter from the Board, the text of which is set out in this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (f) the consent letter as referred to in the paragraph headed "13. Qualification and Consent of Expert" in this circular;
- (g) the material contracts referred to in the paragraph headed "14. Material Contracts" in this circular;
- (h) the annual reports of the Company for the three financial years ended 31 December 2021, 2022 and 2023;
- (i) the interim report of the Company for the six months ended 30 June 2024;
- (j) the Subscription Agreement; and
- (k) this circular.

1. PROFIT WARNING ANNOUNCEMENT

The following is the full text of the Profit Warning Announcement, which is repeated in full in this circular pursuant to Rule 10.4 of the Takeovers Code.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**PROFIT WARNING AND INSIDE INFORMATION ANNOUNCEMENT
UPDATE ON FINANCIAL INFORMATION**

This announcement is made by China NT Pharma Group Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the ten months ended 31 October 2024 (the “**Current Period**”) and the information currently available to the Board, the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million for the Current Period, as compared to a net loss of approximately RMB152.9 million for the ten months ended 31 October 2023 (the “**Corresponding Period**”). Such expected decrease in net loss for the Current Period was mainly attributable to (a) the absence of loss from manufacturing and sale of proprietary pharmaceutical products business (the “**Disposed Business**”) in the Current Period (the Corresponding Period: loss of approximately RMB110.1 million), which was operated by Suzhou

APPENDIX III PROFIT WARNING ANNOUNCEMENT AND REPORTS THEREON

First Pharma Co., Ltd. (a former wholly-owned subsidiary of the Company which was disposed of by the Group in August 2023); and (b) an one-off consultancy fee of RMB37.7 million for the provision of consultancy services by two consultants for overseeing technology and product registration searches and development, crafting research plans for clinical trials, and submitting clinical applications to regulatory bodies for the Group's projects paid by the Group in the Corresponding Period, while no consultancy fee was paid by the Group in the Current Period.

As the Company is still in the process of finalising its annual results for the year ended 31 December 2024, the information contained in this announcement is only based on the preliminary assessment made by the Board according to the information currently available and the unaudited consolidated management accounts of the Group for the Current Period, which have not been reviewed or audited by the Company's auditors or the Company's audit committee and may be subject to adjustment. The Shareholders and potential investors of the Company are advised to refer to the details of the Company's annual results announcement for the year ended 31 December 2024, which is expected to be published in or around late March 2025.

Reference is made to announcements issued by the Company dated 28 November 2024 and 19 December 2024 in relation to, among other things, the Subscription and the Whitewash Waiver (the "**Announcements**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The profit warning statements included in this announcement constitute a profit forecast under Rule 10 of the Takeovers Code and should therefore be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosure of inside information under Rule 13.09(2)(a) of the Listing Rules and pursuant to Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 and Practice Note 2 of the Takeovers Code, if a profit forecast is made during an offer period and is first published in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors on the said profit forecast, in the next document to be sent to the Shareholders by the Company. In this respect, the requisite reports in connection with the profit warning statements by the Company's financial adviser and auditors in accordance with Rule 10.4 of the Takeovers Code are proposed to be contained in the Circular to be issued by the Company to the Shareholders in accordance with the Takeovers Code, which is expected to be the next document to be sent to the Shareholders by the Company in relation to the Subscription and the Whitewash Waiver.

WARNING: The profit warning statements in this announcement do not meet the standard required by Rule 10 of the Takeovers Code and have not been reported on in accordance with the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the profit warning statements in assessing the merits and demerits of the Subscription and the Whitewash Waiver. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt about their positions should consult their professional advisers.

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

Hong Kong, 8 January 2025

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

2. LETTER FROM AUDITOR ON THE PROFIT WARNING ANNOUNCEMENT

The following is the full text of the letter from Moore CPA Limited, the Company's auditor, for the purpose of inclusion in this circular.

28 January 2025

The Board of Directors
China NT Pharma Group Company Limited
Suite 3613, 36/F Cosco Tower
183 Queen's Road Central
Hong Kong

Dear Sirs,

China NT Pharma Group Company Limited (the "Company")

Unaudited Consolidated Financial Information of the Company and its subsidiaries (collectively referred to as the "Group") for the ten months ended 31 October 2024 ("Unaudited Consolidated Financial Information")

We refer to the Unaudited Consolidated Financial Information for the ten months ended 31 October 2024 mentioned in the profit warning and inside information announcement of the Company dated 8 January 2025 in relation to update on financial information.

Directors' Responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the Unaudited Consolidated Financial Information. The Unaudited Consolidated Financial Information has been prepared based on the management accounts of the Group for the ten months ended 31 October 2024.

The Directors are solely responsible for preparing the Unaudited Consolidated Financial Information on a basis consistent in all material aspects with the accounting policies adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2023.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

APPENDIX III PROFIT WARNING ANNOUNCEMENT AND REPORTS THEREON

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Unaudited Consolidated Financial Information based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Unaudited Consolidated Financial Information in accordance with the bases adopted by the Directors and as to whether the Unaudited Consolidated Financial Information is prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Financial Information has been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2023.

Yours faithfully,

Moore CPA Limited
Certified Public Accountants

3. REPORT FROM THE INDEPENDENT FINANCIAL ADVISER ON THE PROFIT WARNING ANNOUNCEMENT

The following is the text of a report prepared for the purpose of incorporation in this Circular, received from Astrum Capital Management Limited, the independent financial adviser of the Company.

Date: 28 January 2025

China NT Pharma Group Company Limited

Suite 3613, 36/F,
Cosco Tower, 183 Queen's Road Central,
Hong Kong

Attention: The Board of Directors

We refer to (i) the inside information announcement of China NT Pharma Group Company Limited (the “**Company**”) dated 8 January 2025 in respect of the update on financial information of the Company based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the ten months ended 31 October 2024 (the “**Profit Estimate**”); and (ii) the circular of the Company dated 28 January 2025 in respect of, among other things, the Subscription and the Whitewash Waiver (the “**Circular**”). Capitalized terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Profit Estimate, it states that:

*“...based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the ten months ended 31 October 2024 (the “**Current Period**”) and the information currently available to the Board, the Group is expected to record a net loss attributable to owners of the Company in the range between RMB35.0 million and RMB37.0 million for the Current Period, as compared to a net loss of approximately RMB152.9 million for the ten months ended 31 October 2023 (the “**Corresponding Period**”). Such expected decrease in net loss for the Current Period was mainly attributable to (a) the absence of loss from manufacturing and sale of proprietary pharmaceutical products business (the “**Disposed Business**”) in the Current Period (the Corresponding Period: loss of approximately RMB110.1 million), which was operated by Suzhou First Pharma Co., Ltd. (a former wholly-owned subsidiary of the Company which was disposed of by the Group in August 2023); and (b) an one-off consultancy fee of RMB37.7 million for the provision of consultancy services by two consultants for overseeing technology and product registration searches and development, crafting research plans for clinical trials, and submitting clinical applications to regulatory bodies for the Group’s projects paid by the Group in the Corresponding Period, while no consultancy fee was paid by the Group in the Current Period.”*

APPENDIX III PROFIT WARNING ANNOUNCEMENT AND REPORTS THEREON

The Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on in accordance with Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The Directors prepared the Profit Estimate based on the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2024 (the “**Unaudited Management Accounts**”). We have reviewed the Profit Estimate and other relevant information and documents (in particular, the Unaudited Management Accounts) which you, as the Directors, are solely responsible for and discussed with you and the senior management of the Company the key bases upon which the Profit Estimate has been made. In addition, we have considered, and relied upon, the report as contained in Appendix III to the Circular on the Profit Estimate from Moore CPA Limited, being the auditors of the Company, addressed to the Directors regarding the accounting policies and the arithmetical accuracy of the calculations upon which the Unaudited Management Accounts has been made. Moore CPA Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Unaudited Management Accounts has been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2023.

Based on the above, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made with due care and consideration.

Our opinion has been given for the sole purpose of compliance with Rule 10 of the Takeovers Code and for no other purpose. We accept no responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

We hereby give and have not withdrawn our consent to the issue of the Circular with the inclusion therein of this report.

Yours faithfully,

For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan

Managing Director

Alfred Wong

Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1011)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China NT Pharma Group Company Limited (the “**Company**”) will be held on Monday, 17 February 2025, 10:45 a.m. at Office 1101-02, 11/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTION

1. “**THAT**, subject to the fulfilment of the terms and conditions set out in the subscription agreement dated 28 November 2024 (the “**Subscription Agreement**”, copy of which has been produced to this meeting marked “A” and initialed by the Chairman for the purpose of identification) entered into between the Company, Golden Base Investment Limited and Mr. Jeong Iat (collectively, the “**Subscribers**”) pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for 410,156,509 new shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.33 per Subscription Share:
 - (a) the Subscription Agreement and the matters contemplated thereunder be and are hereby approved, confirmed and ratified;
 - (b) all the transactions contemplated under the Subscription Agreement, including but not limited to the specific mandate to allot and issue the Subscription Shares by the Company to the Subscribers pursuant to the Subscription Agreement, be and are hereby approved and the Directors be and are hereby authorized to allot and issue the Subscription Shares to the Subscribers pursuant to the Subscription Agreement; and
 - (c) any one or more of the Directors be and is/are hereby authorized to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

2. “THAT,

- (a) subject to the granting of the Whitewash Waiver (as defined below) by the executive director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the executive director and any conditions that may be imposed thereon, the waiver of obligation on the part of the Subscribers to make a mandatory general offer to shareholders of the Company for all the issued shares of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with him which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “**Whitewash Waiver**”), be and is hereby approved; and
- (b) any one or more of the Directors be and is/are authorized to do all such acts; and things and execute all such document as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

Yours faithfully,

For and on behalf of

China NT Pharma Group Company Limited

Ng Tit

Chairman of the Board

Hong Kong, 28 January 2025

Notes:

- 1. Under the Takeovers Code (as defined in the circular issued by the Company dated 28 January 2025), the resolution number 2 above in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are cast either in person or by proxy by the Independent Shareholders (as defined in the Circular) at the Meeting.
- 2. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- 3. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. In the case of joint holders of shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. The register of members of the Company will be closed from Friday, 14 February 2025 to Monday, 17 February 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 13 February 2025 for registration.
7. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the Meeting, the meeting will be postponed. The Company will publish an circular on the website of the Company at <https://www.ntpharma.com> and on the Stock Exchange website at <http://www.hkexnews.com> notify shareholders of the Company of the date, time and place of the rescheduled meeting.
8. As at the date hereof, the Board comprised:

Executive Directors:

Mr. Ng Tit (*Chairman*)
Ms. Ng Anna Ching Mei

Non-executive Directors:

Dr. Qian Wei
Ms. Chin Yu

Independent non-executive Directors:

Mr. Yu Tze Shan Hailson
Mr. Ng Ming Kwan
Dr. Zhao Yubiao