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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of China NT Pharma Group Company Limited (the “**Company**” or “**NT Pharma**”) announced the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period Under Review**”), together with the comparative figures for the corresponding period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 (Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	120,501	111,233
Cost of sales		<u>(45,630)</u>	<u>(39,572)</u>
Gross profit		74,871	71,661
Other revenue and other income	4	7	45,282
Other net loss	5	(22)	(17)
Selling and distribution expenses		(48,749)	(52,441)
Administrative expenses		(26,331)	(36,175)
Share of results of associates		<u>7,807</u>	<u>–</u>

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit from operations		7,583	28,310
Finance costs		<u>(34,872)</u>	<u>(31,904)</u>
Loss before taxation	6	(27,289)	(3,594)
Income tax expense	7	<u>(949)</u>	–
Loss for the period		<u>(28,238)</u>	<u>(3,594)</u>
Attributable to:			
Equity holders of the Company		(28,238)	(2,654)
Non-controlling interests		<u>–</u>	<u>(940)</u>
Loss for the period		<u>(28,238)</u>	<u>(3,594)</u>
Loss per share	8		
Basic		<u>(1.49) cents</u>	<u>(0.14) cents</u>
Diluted		<u>(1.49) cents</u>	<u>(0.14) cents</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(28,238)	(3,594)
Other comprehensive (loss)/income for the period		
Exchange differences on translation of financial statements of entities outside the PRC	<u>(1,333)</u>	<u>5,022</u>
Total comprehensive (loss)/income for the period	<u>(29,571)</u>	<u>1,428</u>
Attributable to:		
Equity holders of the Company	(29,571)	2,368
Non-controlling interests	<u>–</u>	<u>(940)</u>
Total comprehensive (loss)/income for the period	<u>(29,571)</u>	<u>1,428</u>

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Expressed in Renminbi)

	<i>Notes</i>	30 June 2022	31 December 2021
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment		221,178	222,367
– Interests in leasehold land held for own use		25,998	25,998
		<hr/>	<hr/>
		247,176	248,365
Intangible assets		159,910	160,835
Interest in associates		285,743	277,936
Financial asset at fair value through profit or loss		545	521
		<hr/>	<hr/>
		693,374	687,657
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		23,204	32,005
Trade and other receivables	9	49,593	46,255
Cash and cash equivalents		16,946	9,443
		<hr/>	<hr/>
		89,743	87,703
Assets classified as held for sale/assets of a disposal group classified as held for sale		180,000	180,000
		<hr/>	<hr/>
		269,743	267,703
		<hr/>	<hr/>

		30 June	31 December
		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Contract liabilities		4,329	6,097
Trade and other payables	10	287,421	249,665
Bank and other borrowings	11	614,251	616,825
Lease liabilities		577	1,605
Contingent consideration payable		7,800	7,800
Current taxation payable		13,890	13,981
		<u>928,268</u>	<u>895,973</u>
Net current liabilities		<u>(658,525)</u>	<u>(628,270)</u>
Total assets		<u>963,117</u>	<u>955,360</u>
Total assets less current liabilities		34,849	59,387
Non-current liabilities			
Bank and other borrowings	11	211,334	213,290
Lease liabilities		99	390
Deferred tax liabilities		57,082	57,082
		<u>268,515</u>	<u>270,762</u>
NET LIABILITIES		<u>(233,666)</u>	<u>(211,375)</u>
CAPITAL AND RESERVES			
Share capital		1	1
Reserves		(233,667)	(211,376)
Total equity attributable to equity holders of the Company		(233,666)	(211,375)
Non-controlling interests		—	—
EQUITY DEFICIENCY		<u>(233,666)</u>	<u>(211,375)</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Group is principally engaged in research and development, manufacturing, sales and distribution of pharmaceutical products and the provision of marketing and promotion services to suppliers in the People's Republic of China ("PRC").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 December 2021. HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group.

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

(b) Going concern basis

The Group reported a net loss and total comprehensive loss attributable to equity shareholders of the Company of approximately RMB28,238,000 and RMB29,571,000, respectively, for the period ended 30 June 2022. As at 30 June 2022, the Group had net current liabilities and net liabilities of approximately RMB658,525,000 and RMB233,666,000, respectively. The Group's total borrowings amounted to approximately RMB825,585,000, of which approximately RMB614,251,000 will be due for repayment within next twelve months from 30 June 2022; while its unrestricted cash and cash equivalents amounted to approximately RMB16,946,000 only as at 30 June 2022.

All of the above conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

On 21 June 2022, the Company has announced a very substantial acquisition in relation to the licensing of commercialisation rights and provided the further details on the transaction documents on 23 August 2022 (please refer the note 13 for further information of this announcement). The Directors are of the opinion that, taking into account of the completion of this transaction, the Group will have a positive improvement of its liquidity position.

Accordingly, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis for the period ended 30 June 2022.

3. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segment:

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

(a) Segment results

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 is set out below.

	Proprietary products production and sales	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reportable segment revenue	120,501	111,233
Cost of sales	(45,630)	(39,572)
Reportable segment gross profit	74,871	71,661
Reportable segment results	5,458	(2,907)

(b) Reconciliations of reportable segment revenue and results

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	<u>120,501</u>	<u>111,233</u>
Reportable segment results		
Reportable segment operating profit/(loss)	5,458	(2,907)
Unallocated head office and corporate expenses	(5,688)	(14,048)
Other revenue and other income	7	45,282
Other net loss	(1)	(17)
Finance costs	(34,872)	(31,904)
Share of results of associates	<u>7,807</u>	<u>–</u>
Loss before taxation	<u>(27,289)</u>	<u>(3,594)</u>

4. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	7	208
Net gain on disposal of property, plant and equipment	–	4,081
Gain on disposal of a subsidiary	–	40,847
Other income	<u>–</u>	<u>146</u>
	<u>7</u>	<u>45,282</u>

5. OTHER NET LOSS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange gain/(loss)	5	(17)
Others	<u>(27)</u>	<u>–</u>
	<u>(22)</u>	<u>(17)</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	8,832	12,858
Depreciation of right-of-use assets	1,457	1,616
Amortisation of intangible assets	986	1,023
Cost of inventories	45,630	39,572
	<u>56,905</u>	<u>55,069</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Income Tax		
Provision for the period	949	–
Deferred tax		
Origination and reversal of temporary differences	–	–
Income tax expense	<u>949</u>	<u>–</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries in the Hong Kong Special Administrative Region are subject to Hong Kong profits tax at tax rate of 16.5% (2021: 16.5%). No income tax provision is made for the Hong Kong subsidiaries for the six months ended 30 June 2022, as these subsidiaries either derived no income subject to Hong Kong profits tax or sustained losses for Hong Kong profits tax purpose.

For the six months ended 30 June 2022, the Company’s subsidiaries in PRC are subject to a statutory income tax rate of 25% (2021: 25%), except that Suzhou First Pharmaceutical Co., Ltd. is subject to income tax rate of 15% (2021: 15%).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company for the six months ended 30 June 2022 of RMB28,238,000 (2021: RMB2,654,000) and the weighted average number of 1,889,613,000 (2021: 1,887,047,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding redeemable convertible preference shares and convertible bonds of the Company which had an anti-dilutive effect. Accordingly, diluted loss per share was the same as the basic loss per share for the period ended 30 June 2022 and 2021.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade debtors and bills receivable	654,037	648,525
Less: Loss allowance	<u>(636,073)</u>	<u>(636,073)</u>
	17,964	12,452
Deposits, prepayments and other receivables	<u>31,629</u>	<u>33,803</u>
	<u>49,593</u>	<u>46,255</u>

Trade debtors are normally due within 60 to 180 days from the date of billing. Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis, based on the billing date of invoice, as at the date of the statement of financial position:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 3 months	4,888	12,109
More than 3 months but within 6 months	6,864	166
More than 6 months but within 1 year	<u>6,212</u>	<u>177</u>
	<u>17,964</u>	<u>12,452</u>

10. TRADE AND OTHER PAYABLES

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade creditors	41,473	44,630
Provision for legal claims	33,451	33,451
Provision for legal claims from an associate	68,231	68,231
Other payables and accruals	144,266	103,353
	<u>287,421</u>	<u>249,665</u>

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 3 months	5,829	9,932
More than 3 months but within 6 months	1,568	1,279
More than 6 months but within 1 year	108	138
More than 1 year	33,968	33,281
	<u>41,473</u>	<u>44,630</u>

11. BANK AND OTHER BORROWINGS

Details of bank and other borrowings are as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Current		
Secured bank borrowings	369,448	369,448
Secured other borrowings	157,578	157,578
Unsecured other borrowings		
– Other borrowings	75,288	69,120
– Corporate bonds	11,937	10,362
– Convertible bonds	–	10,317
	<u>614,251</u>	<u>616,825</u>

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Non-current		
Secured other borrowings	7,500	7,500
Unsecured other borrowings		
– Redeemed CPSs	196,103	187,412
– Other borrowings	–	3,600
– Corporate bonds	7,731	14,778
	<u>211,334</u>	<u>213,290</u>

As at 30 June 2022, the banking facilities were secured by certain assets of the Group as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Fixed assets	237,375	244,233
Trade receivables	–	232
Inventories	–	7,786
	<u>237,375</u>	<u>252,251</u>

12. DIVIDEND

No dividend was declared or paid by the Company for the six months ended 30 June 2022 (2021: Nil).

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 21 June 2022, the Licensee, a wholly owned subsidiary of the Company, entered into the Licensing & Collaboration Agreement with the Licensor conditionally agreed to irrevocably grant the Licensee the License, being an exclusive and perpetual license to commercialise the Technology in the Territories, namely the PRC, Hong Kong, Macau, Taiwan, Singapore, Malaysia and Thailand. The technology is monoclonal antibody (i.e. Orticumab), which is currently in Phase II of clinical trial. The Company has announced a very substantial acquisition to the public on 21 June 2022 and published the circular of this transaction on 23 August 2022. For the further details, please refer to the published information on HKEX news website.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

Challenging economic conditions and the accelerated implementation of regulatory changes have further intensified competition in all aspects of the pharmaceutical industry, putting tremendous pressure on the Group’s results. In the first half of 2022, the Group still devoted much effort to the adjustment and restructuring of its sales model, tightening of cost control and improvement of its financial condition. The overall revenue of the Group for the Period Under Review increased by approximately RMB9.3 million to approximately RMB120.5 million, as compared with approximately RMB111.2 million for the corresponding period in 2021. Operating profit for the Period Under Review decreased by approximately RMB20.7 million to approximately RMB7.6 million, as compared with an operating profit of RMB28.3 million for the corresponding period in 2021. The Group recorded a net loss of approximately RMB28.2 million for the Period Under Review, as compared with a net loss of approximately RMB3.6 million for the corresponding period in 2021.

OUTLOOK

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

In the face of the global economic slowdown and domestic headwinds, the Chinese government has introduced strong fiscal and monetary policies including but not limited to tax related support and consumption vouchers to support businesses, stimulate domestic demand and maintain employment in order to tide over the difficult times.

The management will continue to strive to adopt flexible strategies to respond to market changes and remain vigilant in controlling operating costs in order to enhance operational efficiency and improve the Group’s financial flexibility. Specifically, the Group will strengthen the operational efficiency in proprietary products and target at developing the new scope of products and services in the future that has been disclosed in the company announcement on 23 August 2022.

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June				
	2022		2021		%
	RMB’000	%	RMB’000	%	Change
Proprietary products production and sales					
Shusi	108,539	90.1	92,441	83.1	17.4
Zhuo’ao	1,726	1.4	8,175	7.3	(78.9)
Others	10,236	8.5	10,617	9.6	(3.6)
Total	<u>120,501</u>	<u>100.0</u>	<u>111,233</u>	<u>100.0</u>	<u>8.3</u>

Revenue from manufacturing and sales of proprietary products increased by approximately RMB9.3 million to approximately RMB120.5 million, as compared with approximately RMB111.2 million in the corresponding period in 2021. The increase in revenue from manufacturing and sales of proprietary products was mainly due to the positive impact on propriety products Shusi during the Period Under Review.

Cost of Sales

For the six months ended 30 June 2022, cost of sales increased by approximately RMB6.0 million to approximately RMB45.6 million, as compared with approximately RMB39.6 million for the corresponding period in 2021. The increase in cost of sales was mainly due to the increase in sales of Shusi during the Period Under Review.

Gross Profit

	For the six months ended 30 June				Change %
	2022 Gross Profit RMB'000	2022 Gross Profit Margin %	2021 Gross Profit RMB'000	2021 Gross Profit Margin %	
Proprietary products production and sales					
Shusi	75,132	69.2	66,804	72.3	12.5
Zhuo'ao	530	30.7	4,614	56.4	(88.5)
Others	(791)	(7.7)	243	2.3	(425.5)
Total	<u>74,871</u>	<u>62.1</u>	<u>71,661</u>	<u>64.4</u>	<u>4.5</u>

Gross profit increased by approximately RMB3.2 million to approximately RMB74.9 million for the six months ended 30 June 2022, as compared with approximately RMB71.7 million in the corresponding period in 2021. Gross profit margin decreased by 2.3 percentage points to 62.1% for the six months ended 30 June 2022, as compared with 64.4% for the corresponding period in 2021. The decrease in gross profit margin was mainly due to the increase in overall production cost and some products sold with gross loss during the period.

Reportable Segments Operating Results

The Group recorded an operating profit of reportable segment of approximately RMB5.5 million for the six months ended 30 June 2022, as compared with approximately RMB2.9 million loss for the corresponding period in 2021.

Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs increased by approximately RMB3.0 million or 9.3% to approximately RMB34.9 million for the six months ended 30 June 2022, as compared to RMB31.9 million for the corresponding period in 2021. The increase in finance costs was mainly due to an increase in financing rates as compared with the corresponding period in 2021.

Taxation

The income tax expense for the six months ended 30 June 2022 is approximately RMB0.9 million (2021: Nil).

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately RMB28.2 million (2021: RMB2.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

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

Foreign Currency Exposure

The Group is exposed to currency risks primarily through sales made by the Group's Hong Kong and PRC subsidiaries, certain bank deposits and bank loans which are denominated in Hong Kong dollars. The Group recorded a net exchange gain of RMB5,000 for the six months ended 30 June 2022, while the net exchange loss of the Group for the corresponding period in 2021 was approximately RMB17,000. Currently, the Group does not employ any financial instruments to hedge foreign exchange risk.

Interest Rate Exposure

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Total debt	(826,261)	(832,110)
Less: Time deposits, pledged bank deposits, cash and cash equivalents	—	9,443
Net debt	(826,261)	(822,667)

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Repayable:		
– Within 1 year or on demand	614,251	616,825
– After 1 year but within 2 years	211,334	213,290
	825,585	830,115

The Group's bank borrowings in PRC as at 30 June 2022 were approximately RMB369.4 million (31 December 2021: approximately RMB369.4 million), with fixed interest rate of 4.35% to 6.52% per annum.

As at 30 June 2022, the Group's other borrowings amounted to approximately RMB456.1 million in aggregate (31 December 2021: approximately RMB460.7 million) with fixed interest rates ranging from 6.0% to 24.0% per annum.

Debt-to-Assets Ratio

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Total debt	826,261	832,110
Total assets	963,117	955,360
Debt-to-assets ratio	85.8%	87.1%

Charges on the Group's Assets

As at 30 June 2022, certain banking facilities of the Group were secured by the Group's assets, which amounted to approximately RMB237.4 million (31 December 2021: approximately RMB252.1 million).

Capital Commitments

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Contracted but not provided for – investment in associates	20,000	20,000

As at 30 June 2022 and 31 December 2021, the Group had no future minimum lease payments under non-cancellable operating lease payable.

Significant Investments Held

Except for investments in its subsidiaries, the Group did not hold any significant investment in equity interest in any other company for the six months ended 30 June 2022.

Material Acquisition and Disposal

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

Future Plans for Material Investments and Capital Assets

On 21 June 2022, the Licensee, a wholly owned subsidiary of the Company, entered into the Licensing & Collaboration Agreement with the Licensor conditionally agreed to irrevocably grant the Licensee the License, being an exclusive and perpetual license to commercialise the Technology in the Territories, namely the PRC, Hong Kong, Macau, Taiwan, Singapore, Malaysia and Thailand. The technology is monoclonal antibody (i.e. Orticumab) which is currently in Phase II of clinical trial. The Company has announced a very substantial acquisition to the public on 21 June 2022 and published the circular of this transaction on 23 August 2022. For the further details, please refer to the published information on HKEX news website.

Contingent Liabilities

Outstanding litigation

- (i) On 5 January 2021, a customer as the plaintiff, filed a legal proceeding against a subsidiary as defendant in 北京市東城區人民法院 (the “Court”) in respect of overdue promotional service charges of RMB24,455,000, and related expenses of RMB12,000, totalling approximately RMB24,467,000.

On 9 September 2021, the Group received a judgement from the Court and ordered that claim liability amounted to approximately RMB24,467,000 together with interests accrued thereon and related legal costs, is required to be settled by the defendant.

- (ii) On 24 August 2021, a writ of summons was issued by an associate, 泰州醫藥城盈泰醫藥有限公司, as plaintiff, against a wholly owned subsidiary of the Group, NT (BJ) Pharma Technology Co., Ltd (泰凌 (北京) 醫藥科技開發有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), collectively as defendants. The plaintiff claimed for the outstanding promotional service fees and accrued interests in the total amount of approximately RMB68,231,000. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation.

On 27 September 2021, the Group received a judgement from 江蘇省泰州醫藥高新技術產業開發區人民法院 and ordered that the defendant is required to pay a sum of approximately RMB63,700,000 plus related costs of RMB4,531,000. On 6 January 2022, the parties have entered into a settlement agreement that the defendants shall pay to the plaintiff a total sum of approximately RMB68,231,000.

- (iii) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against a wholly owned subsidiary, Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司), NTP (China) Investment Co., Ltd (泰凌(中國)投資有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and NT Pharma (Changsha) Co., Ltd (泰凌醫藥(長沙)有限公司), collectively as defendants. The plaintiff claimed for the repayment of principal and the accrued interests of a loan in the total amount of approximately RMB35,260,000. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation.

On 28 October 2021, the plaintiff and Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司), NTP (China) Investment Co., Ltd (泰凌(中國)投資有限公司), NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) and NT Pharma (Changsha) Co., Ltd (泰凌醫藥(長沙)有限公司), collectively as defendants, reached a mediation that the claimed borrowings were revised to be RMB33,811,000 which will be repaid in accordance with the revised and extended schedule to December 2022.

- (iv) On 6 December 2021, a PRC subsidiary, NT Biopharmaceuticals Jiangsu Co., Ltd (泰凌生物製藥江蘇有限公司) (“NT Biopharmaceuticals”) was served by a writ of summons in 蘇州工業園區人民法院 by a PRC bank, for its non-compliance to the terms and conditions of a loan agreement. According to the Statement of Claim, the bank is pursuing claims against NT Biopharmaceuticals for an immediate repayment of all outstanding loan principal and interest, in the sum of approximately RMB101,000,000, together with the default interest. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation. NT Biopharmaceuticals will continue to negotiate with the bank to restructure the due bank loan, together with the default interest, with extension of maturity and revised repayment schedule.

As at the close of business on 30 June 2022, save as disclosed above, the Group did not have any contingent liabilities.

Save as disclosed above, the Group did not have any debt securities, issued and outstanding, and authorised 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 30 June 2022.

HUMAN RESOURCES

As at 30 June 2022, the Group had 190 full-time employees (30 June 2021: 210 employees). For the Period Under Review, the Group’s total costs on remuneration, welfare and social security amounted to approximately RMB13.9 million (for the six months ended 30 June 2021: approximately RMB18.8 million). The Group maintains good relationships with its employees and certain policies have been carried out to ensure that the employees are receiving competitive remuneration, good welfare and continuous professional training.

The remuneration structure of the Group is based on employee performance, local consumption levels and prevailing conditions in the human resources market. Directors' remunerations are determined with reference to individual Director's experience, responsibilities and prevailing market standards. On top of basic salaries, bonuses may be paid according to the Group's performance as well as individual's performance. Other staff benefits include contributions to the Mandatory Provident Fund retirement benefits scheme in Hong Kong and various retirement benefits schemes including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees of the Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded according to their individual performances within the framework of the Group's salary and bonus system, which is being reviewed annually. The Group also has a share option scheme adopted by the Company on 22 September 2014, and a share award scheme (the "**Share Award Scheme**") adopted on 4 September 2015, where options to subscribe for Shares and Share awards may be granted to the Directors and employees of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the six months ended 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and certain recommended best practices. The Company has complied with all the applicable code provisions in the CG Code throughout the six months ended 30 June 2022 except for the deviation from code provision A.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Tit assumes both the roles of chairman and chief executive officer of the Company. Nevertheless, the division of responsibilities between the two roles is clearly defined. On the whole, the role of chairman is that of monitoring the duties and performance of the Board, whereas the role of chief executive officer is that of managing the Company's business. The Board believes that at the current stage of development of the Company, vesting the roles of both chairman and chief executive officer in the same person provides the Company with a strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

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

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

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions on terms no less exacting than the requested standard set out in the Model Code. Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Pan Fei, chairman of Audit Committee, Mr. Yu Tze Shan Hailson and Dr. Zhao Yubiao, who are all independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022 and has recommended its adoption by the Board. The Audit Committee is of the opinion that the financial statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF RESULTS

This unaudited interim results announcement has been published on our website at www.ntpharma.com and the website of the Stock Exchange at www.hkexnews.hk. The interim report will be dispatched to the shareholders of our Company and published on our website at www.ntpharma.com and the website of the Stock Exchange at www.hkexnews.hk in due course on or before 30 September 2022.

APPRECIATION

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

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

Hong Kong, 31 August 2022

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