



# 中国泰凌医药集团 CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1011

## INTERIM REPORT 2023



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# CORPORATE INFORMATION

## BOARD AND COMMITTEES

### **Executive Directors**

Mr. NG Tit (*Chairman and Chief Executive Officer*)

Ms. CHIN Yu

### **Non-executive Director**

Dr. QIAN Wei

### **Independent Non-executive Directors**

Mr. YU Tze Shan Hailson

Dr. ZHAO Yubiao

Mr. NG Ming Kwan (appointed on 19 January 2023)

Mr. PAN Fei (resigned on 19 January 2023)

### **Audit Committee**

Mr. NG Ming Kwan (*Chairman*)

Mr. YU Tze Shan Hailson

Dr. ZHAO Yubiao

### **Remuneration Committee**

Mr. YU Tze Shan Hailson (*Chairman*)

Mr. NG Tit

Dr. ZHAO Yubiao

### **Nomination Committee**

Mr. NG Tit (*Chairman*)

Mr. YU Tze Shan Hailson

Dr. ZHAO Yubiao

## AUTHORISED REPRESENTATIVES

Mr. NG Tit

Mr. PANG Wing Hong

## COMPANY SECRETARY

Mr. PANG Wing Hong

## AUDITORS

Moore Stephens CPA Limited

*Registered Public Interest Entity Auditor*

## LEGAL ADVISOR AS TO HONG KONG LAWS

Jun He Law Offices

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28th Floor, The Wellington

198 Wellington Street

Sheung Wan

Hong Kong

## PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

Unit 03-05, 18th Floor

Emperor Group Center, Building 12

Jianwai Street, Chaoyang District

Beijing, PRC

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## INVESTOR RELATIONS CONTACTS

Tel: (852) 2808 1606

Fax: (852) 2508 9459

Email: [ir@ntpharma.com](mailto:ir@ntpharma.com)

## COMPANY'S WEBSITE

<http://www.ntpharma.com>

## STOCK CODE

1011

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

NT Pharma is a technology-based pharmaceutical company with over 20 years of business operations. Being engaged in research, production, and sales of osteological, psychotic and oncological drugs over the years, the Company operates as an integrated and comprehensive pharmaceutical enterprise, which previously was the largest importer in China's vaccine supply chain and the second-largest drug promotion service provider. As a result of changes in domestic medical policies and market conditions in recent years, the Group has embarked on a transformation and restructuring process since 2020.

Following three years of restructuring, we have successfully disposed of industrial assets with our debts significantly reduced, achieving remarkable results, as the Group has transitioned into an innovative digital pharmaceutical conglomerate. The Group operates its business on two fronts, consisting of investment and physical operations. The investment segment focuses on investing in internationally leading innovative targeted drugs and pharmaceutical company equities. Simultaneously, we have embarked on reforms focused on digitization and diversification in our existing physical assets and operations, with the aim of building a digital pharmaceutical conglomerate specialized in osteological health.

Following our active efforts in transformation and restructuring at the beginning of this year, the Group strives to sustain its business operations, reduce losses, control costs, and improve financial conditions to the best of its ability. As a result, the Group has safeguarded the normal operations with certain positive outcomes. During the Period Under Review, the overall revenue of the Group amounted to approximately RMB82.6 million, representing a decrease of approximately RMB37.9 million as compared to the corresponding period in 2022. Operating profit amounted to approximately RMB27.9 million, representing an increase of RMB20.3 million as compared to the corresponding period in 2022. The Group recorded a net loss of approximately RMB5.6 million during the Period Under Review, representing a decrease of RMB22.6 million as compared to the corresponding period in 2022.

## OUTLOOK

Following the end of the COVID-19 pandemic in late 2022, China's economy experiences a phase of comprehensive adjustment and recovery. In the meantime, the government enters into a new stage of healthcare reform, presenting new opportunities for all pharmaceutical and healthcare enterprises.

Following the pandemic, the Chinese population's emphasis on personal health and their essential needs in the healthcare sector has significantly amplified, which is a major advantage for our Group. Seizing this opportunity, our Group has completed a comprehensive transformation and restructuring, and achieved a new round of development. As a result, our business restructure yields new outstanding results, and provides positive returns to investors.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Restructuring and Transformation

NT Pharma Group's investment business includes its investments in Beijing Kangchen Biological Technology Co., Limited (北京康辰生物科技有限公司) ("**Beijing Kangchen**"), a subsidiary of the A-share listed company Beijing Konruns Pharmaceutical, which started in 2021. The Group has invested RMB227.7 million with a 25.3% equity interest, and receives annual dividends exceeding RMB20 million.

NT Pharma Group has obtained commercial rights for Orticumab in Singapore, Malaysia, Thailand, and China.

NT Pharma Group has been deeply entrenched in the Chinese healthcare market for many years with its original osteological drug business, thereby amassing a large number of osteopathic patients and maintaining long-term and favorable partnerships with various hospitals and pharmacies. Following a two-year restructuring and preparation, the Group has formulated a development plan for the digital ecosystem of osteological health, including osteological drug, cross-border osteological health products, orthopedic rehabilitation support, and digital osteological healthcare service system, which aims to achieve a closed-loop process for the healthcare services of osteopathic patients. Since 2023, the Group has already initiated the sales of cross-border osteological health products, with estimated sales revenue amounting to RMB20 million to RMB30 million throughout the year.

Over the next three years, the Group will strive to complete the transformation and restructuring. Upon completion, the Group expects sales revenue exceeding RMB300 million from the osteological health business, and will expect changes to revenue from the main business, with significant improvements in key performance indicators and asset structure.

## FINANCIAL REVIEW

### Revenue

	For the six months ended 30 June				Change
	2023		2022		
	RMB'000	%	RMB'000	%	%
<b>Proprietary products production and sales</b>					
Shusi	74,125	89.7	108,539	90.1	(31.7)
Zhuo'ao	–	–	1,726	1.4	(100.0)
Others	8,484	10.3	10,236	8.5	(17.1)
Total	82,609	100.0	120,501	100.0	(31.4)

Revenue from manufacturing and sales of proprietary products decreased by approximately RMB37.9 million to approximately RMB82.6 million, as compared with approximately RMB120.5 million in the corresponding period in 2022. The decrease in revenue from manufacturing and sales of proprietary products was mainly due to the impact on relocation of production line of Zhuo'ao during the Period Under Review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

For the six months ended 30 June 2023, cost of sales decreased by approximately RMB15.3 million to approximately RMB30.3 million, as compared with approximately RMB45.6 million for the corresponding period in 2022. The decrease in cost of sales was mainly due to the decrease in sales of Shusi during the Period Under Review.

## Gross Profit

	For the six months ended 30 June				
	2023 Gross Profit RMB'000	2023 Gross Profit Margin %	2022 Gross Profit RMB'000	2022 Gross Profit Margin %	Change %
<b>Proprietary products production and sales</b>					
Shusi	50,516	68.2	75,132	69.2	(32.8)
Zhuo'ao	–	–	530	30.7	(100.0)
Others	1,787	21.1	(791)	(7.7)	(325.9)
<b>Total</b>	<b>52,303</b>	<b>63.3</b>	<b>74,871</b>	<b>62.1</b>	<b>(30.1)</b>

Gross profit decreased by approximately RMB22.6 million to approximately RMB52.3 million for the six months ended 30 June 2023, as compared with approximately RMB74.9 million in the corresponding period in 2022. Gross profit margin increased by 1.2 percentage points to 63.3% for the six months ended 30 June 2023, as compared with 62.1% for the corresponding period in 2022. The increase in gross profit margin was mainly due to some products sold with higher margin for the six months ended 30 June 2023.

## Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs decreased by approximately RMB1.0 million or 2.8% to approximately RMB33.9 million for the six months ended 30 June 2023, as compared to RMB34.9 million for the corresponding period in 2022. The decrease in finance costs was mainly due to a decrease in financing rates as compared with the corresponding period in 2022.

## Taxation

No income tax expense was recorded for the six months ended 30 June 2023 (2022: RMB0.9 million).

## Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2023 was approximately RMB5.6 million (2022: RMB28.2 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 for the six months ended 30 June 2023, was approximately RMB4,000 (2022: RMB5,000). 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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Total debt	852,712	826,454
Less: Time deposits, pledged bank deposits, cash and cash equivalents	(12,058)	(5,931)
Net debt	840,654	820,523

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Repayable:		
– Within 1 year or on demand	847,966	825,045
– After 1 year but within 2 years	3,276	–
	<b>851,242</b>	825,045

The Group's bank borrowings in PRC as at 30 June 2023 were approximately RMB348.1 million (31 December 2022: approximately RMB348.1 million), with fixed interest rate at 4.5% per annum.

As at 30 June 2023, the Group's other borrowings amounted to approximately RMB503.1 million in aggregate (31 December 2022: approximately RMB476.9 million).

## 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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Total debt	852,712	826,454
Total assets	1,055,471	1,005,718
Debt-to-assets ratio	80.8%	82.2%

## Charges on the Group's Assets

As at 30 June 2023, certain banking facilities of the Group were secured by the Group's assets, which amounted to approximately RMB465.2 million (31 December 2022: approximately RMB465.2 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Commitments

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contracted but not provided for – investment in associates	20,000	20,000

As at 30 June 2023 and 31 December 2022, 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 2023.

## Material Acquisition and Disposal

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

## Litigation

- (a) On 5 January 2021, a customer of the Group as the plaintiff, filed a legal proceeding against certain wholly-owned subsidiaries as defendants in 北京市東城區人民法院 in respect of overdue promotional service charges of approximately RMB24,455,000, and a related expense of approximately RMB12,000.

On 9 September 2021, 北京市東城區人民法院 ordered the defendants to repay the overdue promotional service charges and the related expense, totaling approximately RMB24,467,000 as well as the related legal costs and accrued interests thereon, which the interest rate in accordance with tripled of the loan prime rate issued by National Interbank Loans Center.

The amounts had not been settled as at 31 December 2022 and 2021. Accordingly, a further provision of approximately RMB3,560,000 (2021: RMB8,984,000) was recognised in consolidated profit or loss. As at 31 December 2022, the relevant provision for legal claim of approximately RMB37,011,000 (2021: RMB33,451,000) included in trade and other payables.

# MANAGEMENT DISCUSSION AND ANALYSIS

- (b) On 24 August 2021, a writ of summons was issued by an associate of the Group, Taizhou Medical City Yingtai Pharmaceutical Co., Ltd. (泰州醫藥城盈泰醫藥有限公司), as plaintiff, against certain wholly-owned subsidiaries of the Group, including NT (Beijing) Pharma Technology Development Co., Ltd. (泰凌(北京)醫藥科技開發有限公司), NT Biopharmaceutical Jiangsu Co., Ltd. (泰凌生物製藥江蘇有限公司) (“**NT Biopharmaceuticals Jiangsu**”) and Suzhou Diyi Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) (“**Suzhou First Pharma**”), 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 defendants were required to pay a sum of approximately RMB63,700,000 plus related costs of approximately RMB4,531,000. Accordingly, a provision for legal claims from the associate amounting to approximately RMB22,157,000 was recognised in consolidated profit or loss for the year ended 31 December 2021.

On 22 February 2022, 江蘇省泰州市中級人民法院 held a mediation and the plaintiff and the defendants, both parties agreed that the defendants would repay the amount of approximately RMB68,231,000, while the plaintiff has rights to charge interest in accordance with the loan prime rate (one year) issued by National Interbank Loans Center until the amount is fully repaid by the defendants.

As at 31 December 2022, the Group has not made any repayment to the plaintiff and the further provision of approximately RMB2,490,000 was recognised in consolidated profit or loss regarding the interest on the unpaid sum expense for the year ended 31 December 2022.

As at 31 December 2022, the relevant provision of legal claims amounted to approximately RMB70,721,000 (2021: RMB68,231,000) and included in trade and other payables.

- (c) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against certain wholly-owned subsidiaries of the Group, including, Suzhou First Pharma, Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司), NT (China) Investment Co., Ltd (泰凌(中國)投資有限公司), NT Biopharmaceuticals Jiangsu 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 approximately RMB34,911,000 and relevant interest and expenses. 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 the defendants, reached a mediation that the defendants agreed to repay the principal amount, related interest and default penalty fee of approximately RMB31,400,000, RMB4,211,000 and RMB2,166,000 respectively, in accordance with the revised and extended schedule to December 2022.

As at 31 December 2022 and 2021, no repayment has been made by the Group to the plaintiff.



# MANAGEMENT DISCUSSION AND ANALYSIS

- (d) On 6 December 2021, a wholly-owned subsidiary of the Group, NT Biopharmaceuticals Jiangsu was served by a writ of summons in 蘇州工業園區人民法院 by a bank in the PRC, for its non-compliance to the terms and conditions of a loan agreement. According to the statement of claim, the bank was pursuing claims against NT Biopharmaceuticals Jiangsu for an immediate repayment of all outstanding loan principal amounts of approximately RMB101,000,000 and the relevant interest. The Group has engaged a competent legal adviser to act for its interest in respect of the litigation.

During the year ended 31 December 2022, 蘇州工業園區人民法院 has forced a deduction of the cash deposits of totaling approximately RMB21,375,000 from certain subsidiaries' bank accounts to repaid the loan principal. During the year ended 31 December 2021, the Group has repaid loan principal of approximately RMB10,552,000.

NT Biopharmaceuticals Jiangsu will continue to negotiate with the bank to restructure the due bank borrowings, together with the default interest, with extension of maturity and revised repayment schedule.

- (e) On 11 February 2022, a wholly-owned subsidiary of the Group, NT Pharma (Jiangsu) was served by a writ of summons in 江蘇省蘇州市中級人民法院 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 Pharma (Jiangsu) for an immediate repayment of all outstanding loan principal amounts of approximately RMB119,000,000 and the relevant interest.

On 18 May 2022, 江蘇省蘇州市中級人民法院 held a mediation and the plaintiff and the defendant, both parties agreed that the defendant would repay the outstanding loan principal and interest payable on 20 May 2022.

The loan principal and accrued interest have not been repaid up to 31 December 2022. The outstanding principal approximately RMB119,000,000 and accrued interest of approximately RMB7,992,000 included in bank and other borrowings and trade and other payables, respectively.

NT Pharma (Jiangsu) will continue to negotiate with the bank to restructure the due bank borrowing, together with the default interest, with extension of maturity and revised repayment schedule.

- (f) On 29 August 2022, a PRC bank filed a lawsuit against Suzhou First Pharma in 蘇州工業園區人民法院, for its non-compliance with the terms and conditions of a loan agreement. According to the statement of claim, the bank is pursuing claims against Suzhou First Pharma for the repayment of all outstanding loan principal amounts of approximately RMB160,000,000 and the relevant interest. Up to 31 December 2022, the trial result is yet to be finalised.

The loan principal and accrued interest have not been repaid up to 31 December 2022. The outstanding principal approximately RMB160,000,000 and accrued interest of approximately RMB7,432,000 included in bank and other borrowings and trade and other payables, respectively.

Suzhou First Pharma will continue to negotiate with the bank to restructure the due bank borrowing, together with the default interest, with extension of maturity and revised repayment schedule.

# MANAGEMENT DISCUSSION AND ANALYSIS

For the above litigations, which were mainly in relation to failure to perform the obligation of the related liabilities already recognised in the consolidated financial statements, the Group is proactively communicating with the creditors, striving to resolve the litigations through settlement by agreement.

As at the close of business on 30 June 2023, 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 2023.

## HUMAN RESOURCES

As at 30 June 2023, the Group had 124 full-time employees (30 June 2022: 190 employees). For the Period Under Review, the Group's total costs on remuneration, welfare and social security amounted to approximately RMB10.2 million (for the six months ended 30 June 2022: approximately RMB13.9 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.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 2023 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 2023. 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 2023 (2022: Nil).

## 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 2023.

## REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Ng Ming Kwan, 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 2023 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 report.

## PRE-IPO SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Pre-IPO Share Option Scheme**”) on 7 April 2011. Under the Pre-IPO Share Option Scheme, the Company granted 50,027,881 options before the listing of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme is set out in the section headed “Pre-IPO Share Option Scheme” in Appendix VIII of the Prospectus of the Company. Due to the expiry of the Pre-IPO Share Option Scheme in the year of 2020, there was no outstanding option to subscribe for the Company's share under the Pre-IPO Share Option Scheme.

## NEW SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “**New Share Option Scheme**”) on 22 September 2014. Under the New Share Option Scheme, the Company granted 6,300,000 options to certain senior management staff of the Company with an exercise price of HK\$1.25 per share on 10 November 2014 (the “**2014 Options**”), and granted 41,500,000 options to certain individuals with an exercise price of HK\$1.23 per share on 15 January 2015 (the “**2015 Options**”), respectively. Each option gives the holder the right to subscribe for one ordinary share in the Company.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I of the circular of the Company dated 4 September 2014. For further details of the 2014 Options and the 2015 Options, please refer to the announcements of the Company dated 10 November 2014 and 15 January 2015, respectively. As of 30 June 2023, no further options have been granted under New Share Option Scheme. No shares were lapsed nor cancelled nor exercised during the six months ended 30 June 2023.

As at 30 June 2023, options to subscribe for an aggregate of 20,200,000 shares of the Company were outstanding under the New Share Option Scheme.

The remaining life of the Share Option Scheme is 1 year.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

### Long Positions in the Ordinary Shares and Underlying Shares of the Company

Name of Director	Number of shares of the Company				Approximate percentage of interest in the Company (Note 3)
	Personal interests	Family interests	Corporate interests	Other interests	
Ng Tit	500,000 (Note 1)	4,000,000 (Note 1)	402,892,000 (Note 2)	–	17.13%
Chin Yu	4,500,000 (Note 1)	–	402,892,000 (Note 2)	–	17.13%
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. 4,000,000 share options were granted to Ms. Chin Yu on 15 January 2015 under the New Share Option Scheme.
- (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 2,377,822,063 Shares in issue as at 30 June 2023 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 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executive of the Company or their associates (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, as recorded in the register required to be kept under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange under the Model Code contained in Appendix 10 to the Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2023, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO were as follows:

Name	Number of shares of the Company (long positions)				Approximate percentage of interest in the Company (Note 2)
	Beneficial owner	Interests of controlled corporation	Family interests	Other interests	
Golden Base	402,892,000	–	–	–	16.94%
Annie Investment Co., Ltd. (Note 1)	1,700,000	–	–	–	0.07%
Shum Ning (Note 1)	–	1,700,000	527,381,500	–	22.25%
leong Chong Mang (Note 1)	527,381,500	–	1,700,000	–	22.25%
Wang Minzhi	463,722,859	–	–	–	19.50%

Notes:

- Annie Investment Co., Ltd., a company wholly-owned by Shum Ning ("**Ms. Shum**"), is the beneficial owner as to 1,700,000 Shares. leong Chong Mang ("**Mr. leong**") is the beneficial owner as to 527,381,500 Shares (representing approximately 22.25% of the entire issued share capital as at 30 June 2023). Ms. Shum is the spouse of Mr. leong. Under the SFO, Ms. Shum is deemed to be interested in all the shares and underlying shares in which Mr. leong is interested in and vice versa.
- The percentage is calculated on the basis of 2,377,822,063 shares of the Company (the "**Shares**") in issue as at 30 June 2023 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 30 June 2023.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any other parties (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed above, no transaction, arrangement or contract of significance in relation to the Group's business (as defined in the Listing Rules) to which the Company or any of, its subsidiaries, fellow subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period ended 30 June 2023.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CONTRACT OF SIGNIFICANCE

Save as disclosed above, no contract of significance had been entered into between the Company or any of its subsidiaries, and a controlling shareholder of the Company or any of its subsidiaries during the period ended 30 June 2023.

## EVENTS AFTER THE REPORTING PERIOD

Pursuant to the Restructuring Plan, it is contemplated that, among other things:

- the investor (the “**Investor**”) solicited by the Administrator will provide RMB355 million (the “**1st Distribution Amount**”) to Suzhou First Pharma, payable within 30 days after the approval of the Restructuring Plan by the Court, for one-time settlement of the expenses involved in the Restructuring proceeding and the outstanding debts of Suzhou First Pharma;
- the Investor will, for a total consideration of RMB1 (the “**Restructuring Consideration**”), 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., and the Group shall unconditionally cooperate with such transfer of equity interests and assets of Suzhou First Pharma (the “**Acquisition for the 1st Distribution**”);
- the Restructuring Consideration does not cover cash, bank deposits and accounts receivables of Suzhou First Pharma, which will be excluded from the Acquisition for the 1st Distribution and are to be acquired (the “**Acquisition for the 2nd Distribution**”) by the Investor for a consideration to be separately determined based on, among other things, the audited accounts of Suzhou First Pharma as of the Closing Date, being the date on which the Administrator handover the assets, company chop, books and records and operations of Suzhou First Pharma to the Investor after the Investor has paid the funds for repayment of Suzhou First Pharma debts according to the Restructuring Plan. The proceeds from the Acquisition for the 2nd Distribution will be utilized for payment of expenses involved in the Restructuring and further repayment outstanding debts;
- the existing external equity investment of Suzhou First Pharma will be excluded from the Acquisition for the 1st Distribution and the Acquisition for the 2nd Distribution;
- the Investor will continue to develop existing products and technologies of Suzhou First Pharma, resume production of existing and new products, maintain employment of existing employees of Suzhou First Pharma to achieve corporate recovery and upgrade for Suzhou First Pharma.

Details please refer to the announcements by the Company dated 2 May 2023, 25 July 2023 and 21 August 2023.

## 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.

On behalf of the Board  
**China NT Pharma Group Company Limited**  
**NG Tit**  
*Chairman and Executive Director*

Hong Kong, 31 August 2023

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 (Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>82,609</b>	120,501
Cost of sales		<b>(30,306)</b>	(45,630)
<b>Gross profit</b>		<b>52,303</b>	74,871
Other revenue and other income	4	<b>758</b>	7
Other net loss	5	<b>(391)</b>	(22)
Selling and distribution expenses		<b>(11,039)</b>	(48,749)
Administrative expenses		<b>(24,392)</b>	(26,331)
Share of results of associates		<b>11,037</b>	7,807
<b>Profit from operations</b>		<b>28,276</b>	7,583
Finance costs		<b>(33,888)</b>	(34,872)
Loss before taxation	6	<b>(5,612)</b>	(27,289)
Income tax expense	7	<b>–</b>	(949)
<b>Loss for the period</b>		<b>(5,612)</b>	(28,238)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(5,612)</b>	(28,238)
Non-controlling interests		<b>–</b>	–
<b>Loss for the period</b>		<b>(5,612)</b>	(28,238)
<b>Loss per share</b>	8		
Basic		<b>(0.25) cents</b>	(1.49) cents
Diluted		<b>(0.25) cents</b>	(1.49) cents

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 (Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Loss for the period</b>	<b>(5,612)</b>	(28,238)
<b>Other comprehensive loss for the period</b>		
Exchange differences on translation of financial statements of entities outside the PRC	(4,525)	(1,333)
<b>Total comprehensive loss for the period</b>	<b>(10,137)</b>	(29,571)
<b>Attributable to:</b>		
Equity holders of the Company	(10,137)	(29,571)
Non-controlling interests	-	-
<b>Total comprehensive loss for the period</b>	<b>(10,137)</b>	(29,571)

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As of 30 June 2023 (Expressed in Renminbi)

	<i>Notes</i>	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>381,523</b>	379,719
Interests in leasehold land held for own use		<b>115,742</b>	115,998
Intangible assets		<b>158,868</b>	158,985
Interest in associates		<b>288,049</b>	277,013
Financial asset at fair value through profit or loss		<b>597</b>	569
		<b>944,779</b>	932,284
<b>Current assets</b>			
Inventories		<b>12,326</b>	10,318
Trade and other receivables	10	<b>86,308</b>	57,185
Cash and bank balances		<b>12,058</b>	5,931
		<b>110,692</b>	73,434
<b>Current liabilities</b>			
Trade and other payables	11	<b>349,040</b>	311,800
Contract liabilities		<b>1,058</b>	4,798
Contingent consideration payable		<b>2,054</b>	2,054
Lease liabilities		<b>985</b>	946
Bank and other borrowings	12	<b>847,966</b>	825,045
Taxation payable		<b>21,200</b>	25,050
		<b>1,222,303</b>	1,169,693
<b>Net current liabilities</b>		<b>(1,111,611)</b>	(1,096,259)
<b>Total assets less current liabilities</b>		<b>(166,832)</b>	(163,975)

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As of 30 June 2023 (Expressed in Renminbi)

	<i>Notes</i>	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		485	463
Bank and other borrowings	12	3,276	–
Deferred tax liabilities		77,220	77,220
		<b>80,981</b>	77,683
<b>NET LIABILITIES</b>		<b>(247,813)</b>	(241,658)
<b>EQUITY</b>			
Share capital	13	1	1
Reserves		(247,814)	(241,659)
<b>Total capital deficits</b>		<b>(247,813)</b>	(241,658)

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

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 (Expressed in Renminbi)

	Attributable to owners of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000		
<b>Balance at 1 January 2022 (Audited)</b>	1	1,759,103	77,189	88,206	8,256	281,800	(24,811)	224,421	(2,625,540)	(211,375)	-	(211,375)
<b>Changes in equity for 2022:</b>												
Loss for the period	-	-	-	-	-	-	-	-	(28,238)	(28,238)	-	(28,238)
Other comprehensive loss												
Exchange differences on translation of financial statements of entities within the Group outside the PRC	-	-	(1,333)	-	-	-	-	-	-	(1,333)	-	(1,333)
<b>Total comprehensive loss</b>	-	-	(1,333)	-	-	-	-	-	(28,238)	(29,571)	-	(29,571)
Recognition of revaluation reserve	-	-	-	-	-	-	-	7,280	-	7,280	-	7,280
<b>Balance at 30 June 2022 (Unaudited)</b>	1	1,759,103	75,856	88,206	8,256	281,800	(24,811)	231,701	(2,653,778)	(233,666)	-	(233,666)
<b>Balance at 1 January 2023 (Audited)</b>	1	1,759,103	52,294	93,095	8,256	281,800	11,052	284,834	(2,732,093)	(241,658)	-	(241,658)
<b>Changes in equity for 2023:</b>												
Loss for the period	-	-	-	-	-	-	-	-	(5,612)	(5,612)	-	(5,612)
Other comprehensive loss												
Exchange differences on translation of financial statements of entities within the Group outside the PRC	-	-	(4,525)	-	-	-	-	-	-	(4,525)	-	(4,525)
<b>Total comprehensive loss</b>	-	-	(4,525)	-	-	-	-	-	(5,612)	(10,137)	-	(10,137)
Recognition of revaluation reserve	-	-	-	-	-	-	-	3,982	-	3,982	-	3,982
<b>Balance at 30 June 2023 (Unaudited)</b>	1	1,759,103	47,769	93,095	8,256	281,800	11,052	288,816	(2,737,705)	(247,813)	-	(247,813)

# UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

For the six months ended 30 June 2023 (Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash generated from operating activities	11,797	24,871
Net cash used in investing activities	(1,920)	(2,081)
Net cash used in financing activities	(8,399)	(26,591)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,478</b>	<b>(3,801)</b>
Cash and cash equivalents at 1 January	5,931	9,443
Effect of foreign exchange rate changes	4,649	11,304
<b>Cash and cash equivalents at 30 June</b>	<b>12,058</b>	<b>16,946</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 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 2023 are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 December 2022. 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 incurred a net loss of approximately RMB5,612,000 for the period ended 30 June 2023, and as at 30 June 2023, the Group had net current liabilities and net liabilities of approximately RMB1,111,611,000 and RMB247,813,000, respectively. The Group's total borrowings amounted to approximately RMB851,242,000, of which approximately RMB847,966,000 will be due for repayment within next twelve months from 30 June 2023; while its unrestricted cash and bank balances amounted to approximately RMB12,058,000 as at 30 June 2023.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Going concern basis (Continued)

In view of these circumstances, the directors of the Company 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 which include, but not limited to, the following:

- (i) The Group is actively negotiating with a number of banks and other financial institutions for renewal and extension of bank and other borrowings. Specially, the Group is currently in active negotiations with the lenders and suppliers to extend the repayment dates of the overdue borrowings, and to obtain waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings;
- (ii) The Group accelerates its disposal plan of its properties, plant and equipment and leasehold land to reduce its debts. Subsequent to 31 December 2022 and up to the date of this report, the Group is actively in discussion with an independent third parties in relation to entering into of a disposal agreement;
- (iii) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and containment of capital expenditures; and
- (iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital investments to finance the Group's working capital and improve the liquidity position.

The directors of the Company have reviewed the Group's cash flow forecast prepared by the management of the Company for a period covered not less than twelve months from date of approval for the consolidated financial statements. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will 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. Accordingly, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis for the period ended 30 June 2023.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Going concern basis (Continued)

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern would depend on the Group's ability to generate financial and operating cash flows through the following:

- (i) Successful negotiations with the Group's existing lenders such that no action will be taken by 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.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT INFORMATION AND REVENUE

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker (“**CODM**”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the financial performance of the Group as a whole, which generated revenue solely from the production and sales of the Group’s branded products and generic drugs through the subsidiaries of the Company. The financial performance of the Group, determined in accordance with the Group’s accounting policies, is reviewed by the CODM for performance assessment purposes. The Group’s operations are regarded as one operating and reportable segment, which is proprietary products production and sales. Therefore, no segment information is presented other than below:

### Information about major customer

Revenue from customer, which individually contributed over 10% of the total revenue of the Group for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Customer A	16,281	14,083

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of proprietary pharmaceutical products	82,609	120,501

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Bank interest income	17	7
Reversal of allowance for expected credit loss on other receivables, net	696	–
Other income	45	–
	<b>758</b>	7

## 5. OTHER NET LOSS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net exchange gain	4	5
Others	(395)	(27)
	<b>(391)</b>	(22)

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	7,806	8,832
Depreciation of right-of-use assets	1,745	1,457
Amortisation of intangible assets	986	986
Cost of inventories	<b>30,306</b>	45,630

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Current tax – PRC Income Tax</b>		
Provision for the period	–	949
<b>Deferred tax</b>		
Origination and reversal of temporary differences	–	–
Income tax expense	–	949

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% (2022: 16.5%). No income tax provision is made for the Hong Kong subsidiaries for the six months ended 30 June 2023, 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 2023, the Company's subsidiaries in PRC are subject to a statutory income tax rate of 25% (2022: 25%), except that Suzhou First Pharmaceutical Co., Ltd. is subject to income tax rate of 15% (2022: 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 2023 of RMB5,612,000 (2022: RMB28,238,000) and the weighted average number of 2,244,493,000 (2022: 1,889,613,000) 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 2023 and 2022.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, no buildings under construction and land use rights was acquired by the Group (2022: RMB1,725,000) and the Group incurred RMB1,937,000 (2022: RMB363,000) on acquiring machineries and equipment.

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade and bills receivables, gross	<b>39,084</b>	42,120
Less: Allowance for ECL on trade and bills receivables	<b>(8,454)</b>	(8,454)
Trade and bills receivables, net	<b>30,630</b>	33,666
Deposits, prepayments and other receivables	<b>55,678</b>	23,519
	<b>86,308</b>	57,185

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 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 3 months	<b>16,105</b>	21,180
More than 3 months but within 6 months	<b>8,388</b>	11,367
More than 6 months but within 1 year	<b>5,557</b>	577
Over 1 year	<b>580</b>	542
	<b>30,630</b>	33,666

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. 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 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade Payables	43,962	37,742
Provision for legal claims	37,011	37,011
Provision for legal claims from an associate	66,221	66,221
Other payables and accruals	201,846	170,826
	<b>349,040</b>	311,800

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 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 3 months	6,171	1,723
More than 3 months but within 6 months	40	19
More than 6 months but within 1 year	1,751	2,831
More than 1 year	36,000	33,169
	<b>43,962</b>	37,742

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 12. BANK AND OTHER BORROWINGS

Details of bank and other borrowings are as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
<b>Current</b>		
Secured bank borrowings	348,073	348,073
Secured other borrowings	139,983	139,983
Unsecured other borrowings		
– Other borrowings	316,463	295,520
– Corporate bonds	43,447	41,469
	<b>847,966</b>	825,045
<b>Non-current</b>		
Secured other borrowings	–	–
Unsecured other borrowings		
– Other borrowings	–	–
– Corporate bonds	3,276	–
	<b>3,276</b>	–

As at 30 June 2023, the banking facilities were secured by certain assets of the Group as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Fixed assets	465,000	465,000
Trade receivables	210	210
	<b>465,210</b>	465,210

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 13. CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the unaudited condensed consolidated interim statement of changes in equity.

### (b) Dividend

No dividend was declared or paid by the Company for the six months ended 30 June 2023 (2022: Nil).

### (c) Share capital

A summary of movements in the Company's issued share capital during the period ended 30 June 2023 is as follows:

	No. of shares '000	Amount RMB'000
<b>Ordinary shares, issued and fully paid:</b>		
<b>At 31 December 2022 and 1 January 2023 (Audited)</b>	1,904,636	1
Share issued during the period	473,186	–
<b>At 30 June 2023 (Unaudited)</b>	<b>2,377,822</b>	<b>1</b>

Notes:

- (i) The Company was incorporated on 1 March 2010 with an authorised share capital of US\$50,100 divided into 626,250,000 shares of US\$0.00000008 each and one share was issued at par upon incorporation.
- (ii) On 5 June 2017, the authorised share capital of the Company was re-designated from US\$50,100 comprising 626,925,000,000 ordinary shares of US\$0.00000008 each into US\$50,100 comprising (i) 625,925,000,000 ordinary shares of par value of US\$0.00000008 each, and (ii) 325,000,000 redeemable convertible preference shares of par value of US\$0.00000008 each with the rights, privileges and restrictions of the redeemable convertible preference shares.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

### Share option schemes

NT Holdings operated a share option scheme which was adopted on 18 September 2009 (“**2009 Share Option Scheme**”). Under the scheme, certain employees of the Group may be granted share options to acquire the shares in NT Holdings. The options vest after one to three years from the date of grant and are exercisable within ten years after the date of grant. Each option gives the holder the right to subscribe for one ordinary share in NT Holdings.

On 7 April 2011, the directors of NT Holdings terminated the 2009 Share Option Scheme and the directors of the Company adopted the Pre-IPO Share Option Scheme under which each option gives the holder the right to subscribe for one ordinary share in the Company. Under the Pre-IPO Share Option Scheme, each grantee of options under the 2009 Share Option Scheme exchanged his/her options under the 2009 Share Option Scheme for options under the Pre-IPO Share Option Scheme on a 2 for 1 basis. The exercise price payable by the grantees for each option granted under the Pre-IPO Share Option Scheme is double the exercise price payable by the grantees for their respective options granted under the 2009 Share Option Scheme (save for those options which have an exercise price of 70% of the price at which the Company offered its shares for subscription in the public offering on 20 April 2011 (the “**Offer Price**”). All other terms of the Pre-IPO Share Option Scheme are identical to the 2009 Share Option Scheme. The exchange of the share options was considered a modification to the 2009 Share Option Scheme.

The Company adopted a share award scheme on 11 January 2012 which was subsequently terminated on 6 March 2014.

A new share option scheme was approved and adopted by the shareholders of the Company pursuant to an ordinary resolution passed on 22 September 2014 (“**2014 Share Option Scheme**”). The 2014 Share Option Scheme was set up for the purpose to provide rewards and incentives to eligible participants for their contribution to the Group. The exercise price is to be determined by the Board and shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of such a share option; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding to the day of offer of such a share option; and (iii) the nominal value of the shares. A nominal consideration of HK\$1 is payable on acceptance of the share option within 21 days from the date of making such offer.

The maximum number of shares in respect of which options may be granted under the 2014 Share Option Scheme and any other share option schemes of the Company may not exceed 10% of the issued share capital of the Company at the date of approval of the 2014 Share Option Scheme. The maximum number of shares issuable under 2014 Share Option Scheme to each eligible participant within any 12-month period is limited to 1% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### Share option schemes (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting. The options under the 2014 Share Option Scheme vest after one to three years from the date of grant are exercisable for a period of ten years following the date of grant.

#### (a) The terms and conditions of the grants (after modification)

Date	Number of options	Vesting conditions	Exercise period
Options granted to directors: – 15 January 2015	8,000,000	Vesting of the options is conditional upon the performance of the participant. Options granted are vested in 3 equal tranches from 1 January each year from 2016 to 2018	On or prior to 14 January 2025
	8,000,000		
Options granted to employees: – 10 November 2014	487,500	Immediate from the date of grant	On or prior to 9 November 2024
– 10 November 2014	1,462,500	Exercisable in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– 10 November 2014	850,000	Vesting of the options is conditional upon the performance of the participants. Options granted are vested in 3 equal tranches from 10 November each year from 2015 to 2017	On or prior to 9 November 2024
– 15 January 2015	1,200,000	Vesting of the option is conditional upon the performance of the participants	On or prior to 14 January 2025
	4,000,000		
Options granted to consultants (as quasi-employee): – 15 January 2015	9,000,000	Vesting of the option is conditional upon the performance of the participant	On or prior to 14 January 2025
	21,000,000		

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### Share option schemes (Continued)

#### (b) The number and weighted average exercise prices of share options

	30 June 2023		31 December 2022	
	Weighted average exercise price	Weighted Number of options	Weighted average exercise price	Weighted Number of options
Outstanding at the beginning of the year	US\$0.16	20,200,000	US\$0.16	20,200,000
Outstanding at the end of the year	US\$0.16	20,200,000	US\$0.16	20,200,000
Exercisable at the end of the year	US\$0.16	20,200,000	US\$0.16	20,200,000

The share options outstanding at 30 June 2023, which were granted under 2014 Share Option Scheme, had exercise price of US\$0.16 (2021: US\$0.16) and weighted average remaining contractual life of 1 years (2022: 2.02 years).

#### (c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options. The estimate of the fair value of the share options granted is measured based on a Binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial lattice model.

Fair value of share options and assumptions	Options granted on 10 November 2014	Options granted on 15 January 2015
Fair value at measurement date	HK\$0.87	HK\$0.67
Share price	HK\$1.24	HK\$1.20
Exercise price	HK\$1.25	HK\$1.23
Expected volatility	61.66%	74.90%
Option life	10 years	10 years
Expected dividend yield	0%	0%
Risk-free interest rate	1.83%	1.49%

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### Share option schemes (Continued)

#### (c) Fair value of share options and assumptions (Continued)

The expected volatility is based on the historical volatility of listed companies in similar industries (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

No share option was granted during the years ended 30 June 2023 and 2022.

#### (d) Share award scheme

The Company's share award scheme was adopted on 4 September 2015 for the purchase of rewarding directors and employees of the Company and its subsidiaries (the "eligible employees") with the shares of the Company. Pursuant to the share award scheme, existing shares of the Company will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the eligible employees until such shares are vested with the eligible employees in accordance with the provisions of the share award scheme. The shares of the Company granted under the scheme and held by the trustee until vesting are referred to as the reward share units and each reward share unit shall represent one ordinary share of the Company.

During the years ended 31 December 2022 and 2021, the trustee had not purchased any shares of the Company for the share award scheme, while 3,850,000 (2021: 800,000) shares were awarded to an eligible employee under the share award scheme, with aggregate fair value of approximately RMB604,000 (2021: RMB84,000) at award dates when they were vested, which was charged to consolidated profit or loss during the year ended 31 December 2022.

During the year ended 31 December 2022, the Company has terminated the share award scheme. Accordingly, the corresponding capital reserve of approximately RMB35,259,000 (2021: Nil) in relation to the cost of purchased shares for share award scheme were reclassified to accumulated losses.

Followed by the termination, the remaining 11,159,336 (2021: Nil) shares of the Company were disposed by the Company to the public market at market price consideration of approximately RMB2,021,000 (2021: Nil) received.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 15. COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2023 not provided for in the consolidated financial statements were as follows:

	The Group	
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contracted but not provided for – investment in an associate	20,000	20,000

As at 30 June 2023 and 31 December 2022, the Group had no future minimum lease payments under non-cancellable operating lease payable.

## 16. 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 16. CONTINGENT LIABILITIES (CONTINUED)

### Outstanding litigation (Continued)

(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 2023, 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 2023.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2023, transactions with the following parties were considered to be related party transactions:

Name of related party	Relationship with the Group
Mr. Ng Tit and Ms. Chin Yu	Directors of the Company, beneficial holders of the Company's 17.13% equity interest
NT Holdings	Holding company of the Group prior to the Reorganisation
WSNG Group Limited	Mr. Ng Andy Ching Kit, son of Mr. Ng Tit and Ms. Chin Yu, is the director and shareholder
Jing Mei Holdings Limited	Ms. Chin Yu and Ms. Ng Anna Ching Mei, daughter of Mr. Ng Tit and Ms. Chin Yu, are the directors and former shareholders.
Rich Great International Industries Limited	Mr. Ng Tit and Ms. Chin Yu, are the directors and shareholders
Mr. Ng Andy Ching Kit	Son of Mr. Ng Tit and Ms. Chin Yu
Annie Investment Co., Ltd.	Wholly-owned by the substantial shareholders of the Company, Ms. Shum Ming and Mr. Leang Chong Mang
Beijing Kangchen	An associate of the Group
Yingtai Pharm	An associate of the Group

### Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	1,064	2,540

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### Balances with related parties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Other borrowings		
– Jing Mei Holdings Limited	4,978	4,489
– Mr. Ng Andy Ching Kit	936	–
– WSNB Group Limited	1,872	1,787
– Mr. Ng Tit	3,182	357
– Ms. Chin Yu	889	–
– Golden Base Investment Ltd	1,881	–
– Rich Great International Industries Limited	398	–

## 18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Pursuant to the Restructuring Plan, it is contemplated that, among other things:

- the investor (the “Investor”) solicited by the Administrator will provide RMB355 million (the “1st Distribution Amount”) to Suzhou First Pharma, payable within 30 days after the approval of the Restructuring Plan by the Court, for one-time settlement of the expenses involved in the Restructuring proceeding and the outstanding debts of Suzhou First Pharma;
- the Investor will, for a total consideration of RMB1 (the “Restructuring Consideration”), 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., and the Group shall unconditionally cooperate with such transfer of equity interests and assets of Suzhou First Pharma (the “Acquisition for the 1st Distribution”);
- the Restructuring Consideration does not cover cash, bank deposits and accounts receivables of Suzhou First Pharma, which will be excluded from the Acquisition for the 1st Distribution and are to be acquired (the “Acquisition for the 2nd Distribution”) by the Investor for a consideration to be separately determined based on, among other things, the audited accounts of Suzhou First Pharma as of the Closing Date, being the date on which the Administrator handover the assets, company chop, books and records and operations of Suzhou First Pharma to the Investor after the Investor has paid the funds for repayment of Suzhou First Pharma debts according to the Restructuring Plan. The proceeds from the Acquisition for the 2nd Distribution will be utilized for payment of expenses involved in the Restructuring and further repayment outstanding debts;
- the existing external equity investment of Suzhou First Pharma will be excluded from the Acquisition for the 1st Distribution and the Acquisition for the 2nd Distribution;
- the Investor will continue to develop existing products and technologies of Suzhou First Pharma, resume production of existing and new products, maintain employment of existing employees of Suzhou First Pharma to achieve corporate recovery and upgrade for Suzhou First Pharma.

Details please refer to the announcements by the Company dated 2 May 2023, 25 July 2023 and 21 August 2023.