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VOLUNTARY ANNOUNCEMENT

POTENTIAL ISSUANCE OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES

This is a voluntary announcement made by the board (the “**Board**”) of directors (the “**Directors**”) of China NT Pharma Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the potential issuance of redeemable convertible preference shares (the “**Redeemable Convertible Preference Shares**”).

POTENTIAL ISSUANCE OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The Company is pleased to announce that the Company has appointed Shenwan Hongyuan Securities (Hong Kong) Limited (the “**Agent**”) as the sole and exclusive agent of the Company to procure or refer independent private investors (the “**Subscribers**”) to subscribe for the Redeemable Convertible Preference Shares.

The tentative terms for the potential issuance of Redeemable Convertible Preference Shares are summarise as below:

Issuance size: HK\$500 million to HK\$600 million (or equivalent amount in US dollars).

Issuance Price: The subscription price for each Redeemable Convertible Preference Share shall be at 5% to 10% premium to the weighted average price closing price of the Company for the 10 trading days prior to the date of this Announcement.

Conversion Right: One Redeemable Convertible Preference Share is convertible to one ordinary share of the Company.

Conversion can made at any time upon the issuance of the Redeemable Convertible Preference Shares.

Dividend: 30% of the net profit of the Company of each year would be distributed to the shareholders of the Redeemable Convertible Preference Shares and the ordinary shares of the Company as compulsory dividend, and each Redeemable Convertible Preference Share shall be in priority to entitle to dividend per Share same as that of each ordinary share of the Company.

Compulsory conversion: The holder of the Redeemable Convertible Preference Shares shall be required to convert the Redeemable Convertible Preference Share to ordinary share of the Company provided that:

- (a) the consolidated net profit of the Company is not less than RMB160 million for the year ended 31 December 2017;
- (b) the consolidated net profit of the Company is not less than RMB250 million for the year ended 31 December 2018; or
- (c) the consolidated net profit of the Company is not less than RMB350 million for the year ended 31 December 2019.

Income guarantee agreement on outstanding Redeemable Convertible Preference Shares:	The Company has a right to buy-back by cash the Redeemable Convertible Preference Shares which have not been executed in whole or in part of the conversion rights by Subscribers on or after the 36th month upon the completion date, with a buy-back price calculated based on the annualized IRR 4-5% for the nominal value of the outstanding Redeemable Convertible Preference Shares less the corresponding dividends of Redeemable Convertible Preference Shares paid by the Company.
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As at the date of this announcement, the Company has not entered into any definitive agreement for the subscription of Redeemable Convertible Preference Shares yet.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")). The Subscribers are not intended to be connected persons (as defined under the Listing Rules) of the Company.

REASONS FOR THE POTENTIAL ISSUANCE OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND USE OF PROCEEDS

The Group is a technology-based pharmaceutical company which is principally engaged in the investment, research and development, manufacturing and sales of pharmaceutical products in the People's Republic of China and over 20 countries overseas, with its products covering therapeutic areas such as oncology, orthopedics, CNS, hepatopathy and respiratory system. The maximum gross proceeds from the issuance of Redeemable Convertible Preference Shares will be up to HK\$600 million. The net proceeds from the issuance of the Redeemable Convertible Preference Shares will be utilised as general working capital of the Group, to repay bank borrowings, and to finance any potential acquisition opportunities that may arise from time to time.

In view of the above, the Directors are of the view that the Subscription provides a good opportunity to strengthen the Company's financial position and is in the interests of the Company and its shareholders as a whole.

The potential issuance of Redeemable Convertible Preference Shares may or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

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

Hong Kong, 22 March 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Ng Tit, Ms. Chin Yu and Mr. Wu Weizhong; the non-executive Directors of the Company are Dr. Qian Wei and Mr. Ge Jianqiu; and the independent non-executive Directors of the Company are Mr. Yue Nien Martin Tang, Mr. Patrick Sun and Dr. Lap-Chee Tsui.