中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 01011

2024
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors	Mr. NG Tit *(Chairman and Chief Executive Officer)* Ms. NG Anna Ching Mei (appointed on 15 January 2024)
Non-executive Director	Dr. QIAN Wei Ms. CHIN Yu (re-designated from the executive director to the non-executive director on 15 January 2024)
Independent Non-executive Directors	Mr. YU Tze Shan Hailson Dr. ZHAO Yubiao Mr. NG Ming Kwan

BOARD COMMITTEES

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. Cheng Cheung King

COMPANY SECRETARY

Mr. Cheng Cheung King

AUDITOR

Moore CPA Limited
Registered Public Interest Entity Auditor
1001-1010, North Tower
World Finance Centre
Harbour City, 19 Canton Road
Tsimshatsui, Kowloon
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAWS

Jun He Law Offices

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN HONG KONG

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Hong Kong

REGISTERED OFFICE

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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
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Grand Cayman, KY1-1111
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INVESTOR RELATIONS CONTACTS

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COMPANY'S WEBSITE

http://www.ntpharma.com

STOCK CODE

1011

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China NT Pharma Group Company Limited ("**NT Pharma**") together with its subsidiaries, (the "**Group**"), I hereby present the annual report of the Company for the year ended 31 December 2024.

NT Pharma Group has nearly 30 years of experience in the medical field, serving over 10,000 various terminal medical institutions, with over 10,000 people using NT Pharma Group's drugs and health services daily. With the rapid development of the national pharmaceutical industry and the emergence of new era opportunities, NT Pharma Group has made a strategic decision to focus its core resources and capabilities on artificial intelligence and the medical industry, transforming into a platform-based company with light asset operations.

In recent years, NT Pharma Group has sold and restructured all its important assets and traditional businesses, including factories in Changsha, Suzhou, Taizhou, and the research and development center in Shanghai. By successfully creating the "Four M-Smart Medical Health Management" brand, the group has established one of its main business focuses for future development. Its business covers a "full-cycle closed-loop" smart health ecosystem for testing, diagnosis, and treatment, standing out in the market as the sole provider of a comprehensive smart health management ecosystem.

The NT Pharma Group, planning its transformation in 2025 towards "Artificial Intelligence + Medical Industry," has established new departments in China. The group's platform will support comprehensive medical services at different levels and provide personalized customized medical solutions. It will utilize an artificial intelligence + medical approach to build a comprehensive supply and demand bridge, meeting the growing needs of patients.

In 2023, the Group completed business restructuring, transitioning from heavy asset businesses to light asset industries. At the same time, it actively strengthened cost control and improved its financial condition. In 2024, we continued our strategies and keep developing our business. The overall revenue of the Group for the year ended 31 December 2024 (the "**Year under Review**") increased by RMB30.6 million or 413.5% to RMB38.0 million, as compared with RMB7.4 million. The Group recorded a loss of RMB53.4 million for the year ended 31 December 2024, as compared with a loss of RMB143.6 million for the corresponding period in 2023, representing a decrease of 62.8% year on year. A net loss of approximately RMB53.4 million was incurred from the continuing operations for the year ended 31 December 2024, as compared with a net loss of approximately RMB33.5 million for the year ended 31 December 2023.

I would like to thank all our employees for their hard work in the last financial year. The Group values the unique contribution from every employee. In the meantime, I would like to thank our business partners, customers and shareholders for their loyalty and support during this difficult time.

On behalf of the Board, I would like to thank the Directors, the Shareholders and the employees of the Group for their efforts and dedications and for their support during the year.

Ng Tit
Chairman and Chief Executive Officer

Hong Kong, 31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

NT Pharma Group has been operating in the field of orthopedic treatment for over 10 years, serving more than 10,000 various orthopedic terminal medical institutions. It possesses rich experience in terminal drug promotion, excellent team management skills, and channel network resources. The deepening aging of the population in China will to a certain extent promote the development of the orthopedic market, indicating a very broad future prospects for the orthopedic market. The group will seize the new era opportunities driven by the country to promote orthopedic development. Starting from 2023, by focusing on the company's core capabilities and resources, it will innovatively create a bone health platform that integrates drugs, cross-border eHealth, artificial intelligence medical devices, and medical services. It will vigorously develop business modules covering orthopedic disease drug and health product supply and promotion, orthopedic disease rehabilitation management, as well as a comprehensive cycle treatment and management platform for digital medical services.

In 2023, the Group completed business restructuring, transitioning from heavy asset businesses to light asset industries. At the same time, it actively strengthened cost control and improved its financial condition. In 2024, we continued our strategies and keep developing our business. The overall revenue of the Group for the year ended 31 December 2024 (the "**Year under Review**") increased by RMB30.6 million or 413.5% to RMB38.0 million, as compared with RMB7.4 million. The Group recorded a loss of RMB53.4 million for the year ended 31 December 2024, as compared with a loss of RMB143.6 million for the corresponding period in 2023, representing a decrease of 62.8% year on year. A net loss of approximately RMB53.4 million was incurred from the continuing operations for the year ended 31 December 2024, as compared with a net loss of approximately RMB33.5 million for the year ended 31 December 2023.

OUTLOOK

NT Pharma Group has nearly 30 years of experience in the medical field, serving over 10,000 various terminal medical institutions, with over 10,000 people using NT Pharma Group's drugs and health services daily. With the rapid development of the national pharmaceutical industry and the emergence of new era opportunities, NT Pharma Group has made a strategic decision to focus its core resources and capabilities on artificial intelligence and the medical industry, transforming into a platform-based company with light asset operations.

In recent years, NT Pharma Group has sold and restructured all its important assets and traditional businesses, including factories in Changsha, Suzhou, Taizhou, and the research and development center in Shanghai. By successfully creating the "Four M-Smart Medical Health Management" brand, the group has established one of its main business focuses for future development. Its business covers a "full-cycle closed-loop" smart health ecosystem for testing, diagnosis, and treatment, standing out in the market as the sole provider of a comprehensive smart health management ecosystem.

The NT Pharma Group, planning its transformation in 2025 towards "Artificial Intelligence + Medical Industry," has established new departments in China. The group's platform will support comprehensive medical services at different levels and provide personalized customized medical solutions. It will utilize an artificial intelligence + medical approach to build a comprehensive supply and demand bridge, meeting the growing needs of patients.

Business Update

The group has now fully transformed its operations to light-asset management and is developing with the goal of "Artificial intelligence + Medical Industry ". Our main businesses include (1) OEM manufacturing and sales of our own products, (2) agency for other pharmaceuticals and medical devices, and (3) provision of digital healthcare services.

During Year under Review, we have produced 3 health products at the OEM factory, branded as "FourM" and "NT Health". These products have been successfully launched on major e-commerce platforms such as JD.com, Youzan, and HKTVmall in Hong Kong and China. At the same time, we are acting as agents for Uni-Bio Science Group (HK Stock Code: 0690) in China for an orthopedic drug called "Teriparatide", and are preparing to start agent of an artificial intelligence bone density testing product in 2025. As of the date of this report, the agent of the artificial intelligence bone density testing product has commenced. In the realm of digital healthcare, we have laid the groundwork in the year covered by this report and are currently preparing for digital chronic disease management services.

Restructuring and Transformation

On 15 July 2024, in consideration of the Group's liquidity situation and outstanding debt owed to a lender with outstanding principal amount and accrued interest of approximately HK$234,000,000 and HK$107,240,000, respectively as at that date ("**Lender**"), the Group has entered into a charge agreement with the Lender, to pledge the shares of a wholly-owned subsidiary of the Company, which directly held 25.3% equity interest in Beijing Kangchen. Technology Co., Limited (北京康辰生物科技有限公司) ("**Beijing Kangchen**"). On 30 November 2024, the Group has entered into a supplemental agreement with the Lender, pursuant to which, the Group and the Lender agreed and confirmed that, the Group relinquishes its entitlement to designate a director in favor of the Lender, thereby the Lender can nominate a director to Beijing Kangchen to represent the Lender for the sake of monitoring the assets of its collateral.

Since 30 November 2024, the Group has lost its power to participate in the board of Beijing Kangchen, as well as any financial and operating policy decisions for Beijing Kangchen.

Based on the actual business circumstances, the directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen on and after 30 November 2024. Consequently, Beijing Kangchen has been reclassified as financial assets at fair value through profit and loss with effect from 30 November 2024.

FINANCIAL REVIEW

Revenue

Revenue from digital service and sales agency fee income increased by RMB30.6 million or 413.5% to RMB38.0 million, as compared with RMB7.4 million. The increase due to the digital service segment start in year 2024 and 95.49% of the revenue is carry out from a single customer (2023: 100%).

Cost of sales and gross profit

Cost of sales mainly comprises the cost of digital service provided. The cost of sales for the year ended 31 December 2024 amounted to approximately RMB32.7 million while no such cost of sales for the year ended 31 December 2023. The increase in cost of sales was due to the new business start in year 2024. Gross profit for the Period amounted to approximately RMB5.3 million, representing a decrease of approximately RMB2.1 million or approximately 28.4% as compared with approximately RMB7.4 million for the year ended 31 December 2023.

Finance Costs

The Group's finance costs consist of interest on bank and other borrowings and bank charges. Finance costs increase by RMB2.7 million or 9.4% to RMB31.5 million for the year ended 31 December 2024, as compared with RMB28.8 million for the corresponding period in 2023. The increase in finance costs was mainly due to increase in amount of borrowing.

Taxation

Income tax credit was RMB0.1 million for the year ended 31 December 2024 as compared with income tax expenses of RMB0.1 million for the corresponding period in 2023.

Total comprehensive loss Attributable to the Owners of the Company

Total comprehensive loss attributable to the owners of the Company from continuing operations, for the year ended 31 December 2024 was RMB53.4 million as compared with RMB33.5 million for the corresponding period in 2023. Both the basic and diluted loss per share for the year ended 31 December 2024 were RMB20.20 cents as compared with RMB14.04 cents for the year ended 31 December 2023.

Capital Expenditure

No capital expenditure spent for the year ended 31 December 2024, as compared with RMB2.2 million for the corresponding period in 2023.

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 in RMB, US$ and HK$, certain bank deposits and bank loans which are denominated in US$ and HK$. The Group has no exchange gain for the year ended 31 December 2024 and 2023. Currently, the Group does not employ any financial instruments to hedge against foreign exchange risk.

Interest Rate Exposure

The Group's interest rate risk arises primarily from other borrowings 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.

Group Debt and Liquidity

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Total debt	**552,962**	515,655
Less: cash and bank balances	**(9,623)**	(1,520)
Net debt	**543,339**	514,135

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

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Repayable:		
– Within one year	**367,495**	340,708
– After one but within two years	**7,993**	3,218
	375,488	343,926

As at 31 December 2024, the Group had other borrowings of RMB375.5 million (2023: RMB343.9 million), which carried a weighted average interest rate at 8.83% (2023: 8.89%).

Financial Guarantee Contracts

According to the Debt Restructuring as disclosed in note 16, the Company has provided financial guarantees on behalf of Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("**Suzhou First Pharma**") and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348.1 million and RMB58.0 million, respectively as at the date of completion date of transfer of share of Suzhou First Pharmaceutical to the investor (i.e. 1 August 2023).

Both lenders declared the unsettled balances to the 江蘇省蘇州工業園區人民法院 (the "**Court**") and the Court ruling the approved amounts to be approximately RMB383.2 million and RMB60.8 million, respectively on 6 July 2023.According to the Debt Restructuring proposal approved by the Court, all creditors are subject to the repayment allocations following several auctions to sell the assets of Suzhou First Pharma and its subsidiaries, which will be carried out by the Administrator.

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

As at 31 December 2024 and 2023, the financial guarantee contract represented the allowance for credit loss under the financial guarantee as at the respective finance year end dates, which were determined by the management of the Company based on the fair value of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

Up to the date of this report, the lenders have not taken any actions to claim against the Company in respect of these financial guarantees.

Debt-to-Assets Ratio

The Group closely monitors its debt-to-assets ratio to optimize its capital structure so as to ensure solvency and the Group's ability to continue as a going concern.

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Total debts	**552,962**	515,655
Total assets	**334,075**	329,122
Debt-to-assets ratio	**165.52%**	156.68%

Capital Commitments

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Contracted but not provided for acquisition of a production license of a medication	**–**	1,440

As at 31 December 2024, the Group had no future minimum lease payments under non-cancellable operating leases payable.

The Group is the lessee of a number of properties under operating leases. None of the leases includes contingent rentals.

Significant Investments Held

Except for investments in its subsidiaries and interest in Beijing Kangchen, the Group did not hold any significant investment in equity interest in any other company for the year ended 31 December 2024.

Material Acquisition and Disposal

On 5 August 2024, a special resolution of a wholly-owned subsidiary, NT Pharma (HK) Limited resolved the winding-up of the company voluntarily pursuant to Section 288(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the liquidators have been appointed. As a result of the liquidation and appointment of liquidators, the Group lost control over NT Pharma (HK) Limited and its direct wholly-owned subsidiary, NT Pharmaceutical Trading (Shanghai) Co., Ltd. (the "**Deconsolidated Subsidiaries**"). Accordingly, the financial results of the Deconsolidated Subsidiaries were deconsolidated from the Group and a loss on deconsolidation of the subsidiaries of approximately RMB7,009,000 was recognised in the consolidated profit or loss for the year ended 31 December 2024.

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

USE OF PROCEEDS FROM THE PLACING

On 21 September 2023, the Company completed the placing of a total of 263,073,000 new shares at a placing price of HK$0.05 per placing share. The net proceeds from the Placing after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) were approximately HK$12 million.

The table below sets forth the allocation and status of utilisation of the net proceeds as of 31 December 2024 and the expected timeline of the use of the unutilised net proceeds:

Usage of net proceeds	Net proceeds of the Placing HK$'000	Net proceeds after reallocation HK$'000	Actual utilised amount up to 31 December 2024 HK$'000	Unutilised amount as of 31 December 2024 HK$'000
Business development				
For the processing fee to produce orthopaedic drugs under the pharmaceutical license	2,000	2,000	2,000	–
For the development of bone health products	1,500	1,500	1,500	–
For the capital of the research and development of a project	2,900	–	–	–
Working capital				
Service fees for professional parties	2,500	2,500	2,500	–
Office rental and utilities expenses	500	500	500	–
Directors' emoluments and staff salaries	1,500	3,000	3,000	–
Other general expenses	1,100	2,500	2,500	–

At the date of this report, all the net proceeds from the placing have been used in the same manner as set out above.

Contingent Liabilities

(a) On 5 January 2021, a customer of the Group as the plaintiff, filed a legal proceeding against certain wholly-owned subsidiaries of the Company, including Suzhou First Pharma and Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司) 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 were not settled in full as at 31 December 2022. Accordingly, a further provision of approximately RMB3,560,000 was recognised in consolidated profit or loss. As at 31 December 2022, the relevant provision for legal claim of approximately RMB37,011,000 was under trade and other payables.

Following the Debt Restructuring as disclosed, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

(b) On 24 August 2021, a writ of summons was issued by a former associate of the Group, Yingtai Pharm, as plaintiff, against certain wholly-owned subsidiaries of the Company, including NT (BJ) Pharma Technology, NT Biopharmaceuticals Jiangsu and 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 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 an associate amounting to approximately RMB22,157,000 was recognised in consolidated profit or loss in 2021.

On 22 February 2022, 江蘇省泰州市中級人民法院 held a mediation amongst the plaintiff and the defendants, both parties agreed that the defendant 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 defendant.

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 RMB66,221,000 and was included in trade and other payables.

Following the Debt Restructuring as disclosed, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

(c) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against certain wholly-owned subsidiaries, Suzhou First Pharma, 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 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 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 claimed principal amount and related expenses were approximately RMB31,400,000 and RMB4,211,000 which shall be repaid in accordance with the revised and extended schedule to December 2022. As at 31 December 2022, the outstanding principal was approximately RMB9,519,000.

Following the Debt Restructuring as disclosed, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

(d) On 6 December 2021, a PRC subsidiary, 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 and interest amounted to approximately RMB90,448,000,000 and RMB10,552,000, respectively, together with the default interest. During the year ended 31 December 2022, the Group repaid principal amount of approximately RMB21,375,000 and the outstanding principal amounted to approximately RMB69,073,000 as at 31 December 2022.

At 31 December 2022, the certain bank balances amounted to approximately RMB4,015,000 were frozen by a court order due to lawsuits.

The Group engaged a competent legal adviser to act for its interest in respect of the litigation. NT Biopharmaceuticals Jiangsu has continued to negotiate with the bank to restructure the due bank borrowings, together with the default interest, with extension of maturity and revised repayment schedule.

Following the Debt Restructuring as disclosed, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

HUMAN RESOURCES

As at 31 December 2024, the Group had 22 full-time employees (2023: 16 full-time employees). For the year ended 31 December 2024, the Group's total cost on remuneration, welfare and social security amounted to RMB6.1 million (2023: RMB3.6 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 reviewed annually. The Group also operates a share option scheme adopted by the Company on 22 September 2014, and a 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, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

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. Save as disclosed below, the Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 December 2024.

Code provision A.2.1 of the CG Code 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, two non-executive Directors and three independent non-executive Directors, with the independent non-executive Directors representing 43% 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 during the year ended 31 December 2024. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

Loan capitalisation

On 28 November 2024, the Company entered into a subscription agreement with two subscribers, pursuant to which the Company has conditionally agreed to allot and issue 410,156,509 new shares, thereby HK$87,000,000 representing the partial settlement of the outstanding principal amount and the accrued interest of the other borrowings; and approximately HK$48,352,000 representing release of financial guarantee contracts, respectively (the "**Subscription**") would be arranged.

On 21 February 2025, the Subscription was completed, 263,636,363 and 146,520,146 new shares were duly allotted and issued as fully paid by the Company to the two Subscribers respectively.

Details of the loan capitalisation were disclosed in the announcements of the Company dated 28 November 2024, 19 December 2024, 28 January 2025, 4 February 2025, 17 February 2025 and 21 February 2025 and the circular dated 28 January 2025.

No material events occurred subsequent to 31 December 2024 which may have a significant effect on the assets and liabilities or future operations of the Group.

ACTION PLAN TO ADDRESS DISCLAIMER OPINION

The auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements.

In order to address the issues, up to the date of this report, the Group has taken and will continue to implement the following measures (the "**Measures**") under the Group's action plan to improve the Group's liquidity position, including:

(i) The Group has been actively negotiating with lenders for renewal and extension of borrowings. Specially, the Group is currently in active negotiations with the lenders 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 will develop itself into an integrated platform enterprise that covers the supply of health products and health screening services. The platform currently plans to maintain its future core business by acting as an agent to supply and sell more medical products, provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipment and rehabilitation treatment, provide different levels of full-service medical services, and provide personalised customised medical care;

(iii) The Group will actively negotiating to obtain new sources of financing to repay overdue borrowings; and

(iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital.

As at the date of this report, none of the Measures has been completed. As the Measures involve on-going negotiations and communications with various external parties, potential purchasers and creditors, it is difficult to define a definite timetable on the completion of Measures under the action plan. Notwithstanding, the Board will strive to complete the Measures during the financial year ending 31 December 2025.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OPINION

The Audit Committee has reviewed and agreed with the views and concerns of the independent auditor with respect to the disclaimer opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. The Audit Committee noted that the Board has undertaken or in the progress of implementing the Measures to improve the Group's liquidity position. As at the date of this report, the Board is not aware of any indication that any of the Measures cannot be completed. With reference to the cash flow forecast which is prepared upon the assumption that the Measures will be successfully implemented, the Board is of the view that the Group will have sufficient working capital to 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 for the year ended 31 December 2024. Accordingly, the consolidated financial statements for the year ended 31 December 2024 have been prepared on a going concern basis.

The Audit Committee has reviewed and agreed with the management's position and is of the view that the Board should continue its efforts in implementing necessary measures for enhancing the Group's liquidity position and removing the disclaimer opinion in the next financial year.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the auditor, as the disclaimer opinion relates to the Company's ability to continue as a going concern, in preparing the financial statements for the year ending 31 December 2025, the Board will be responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis with reference to the conditions and circumstances as at 31 December 2025. The Board will provide sufficient appropriate audit evidence to the auditor to assess the appropriateness of the Board's application of going concern basis in preparing the Group's consolidated financial statements, and based on the audit evidence obtained, the auditor determine whether the audit evidence is sufficient and any uncertainties exist in relation to the Company's going concern issue.

The Board's assessment of the Company's ability to carry on as a going concern as at 31 December 2025 will take into consideration the relevant conditions and circumstances, and also a then cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statement for the year ending 31 December 2025.

Because of the foregoing, as at the date of this report, the auditor is unable to confirm whether the disclaimer opinion will be removed for the annual results for the year ending 31 December 2025. However, assuming all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence would be obtained by the auditor and the Board is satisfied that the Company can continue business as a going concern, barring any unforeseen circumstances, it is likely that the annual results for the year ending 31 December 2025 will be free of the disclaimer opinion.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Ng Tit, aged 61, co-founder of the Group, has been the Chairman of the Board of Directors and Chief Executive Officer of the Company since 1995. Mr. Ng was appointed as the Company's executive Director on 1 March 2010, responsible for the overall strategic planning and management of the Group. He has extensive experience in the pharmaceutical industry, having been engaged in the pharmaceutical business for over 20 years. Prior to establishing the Group in 1995, Mr. Ng worked for a number of relevant organisations and enterprises. Mr. Ng is a member of Jiangsu Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") of the PRC, deputy director of Jiangsu Committee of Hong Kong, Macau, Taiwan and Overseas (Foreign Affairs) of CPPCC, vice president of Overseas Friendship Association of Jiangsu Province, vice president of Federation of HK Jiangsu Community Organisations and Chairman of China Nation Culture Spread Ltd. (中華民族文化傳播有限公司). Mr. Ng obtained his bachelor degree from Guizhou University in 1986, and an Executive Master of Business Administration ("**EMBA**") from Fudan University (復旦大學) in 2007. He is the spouse of Ms. Chin Yu, who is an executive Director, and the brother-in-law of Dr. Qian Wei, who is a non-executive Director.

Ms. Ng Anna Ching Mei, aged 26 is the daughter of Mr. Ng and Ms. Chin, a executive Director and non-executive Director, co-founder of the Group and the substantial shareholder of the Company. She also is niece of Dr. Qian Wei, a non-executive Director. Ms. Ng graduated from MSc Healthcare at University College London. She has 3 years working experience on laboratory experimental research with professor in Medicine and Biological Information Engineering department of Northeastern University Shenyang China. Ms. Ng has published 2 journals on Chinese Academy of Sciences and declared the exclusive right by The China national patent office of these journals. Ms. Ng has ample experience in medicine and biological information engineering.

NON-EXECUTIVE DIRECTOR

Dr. Qian Wei, aged 68, was appointed as a non-executive Director of the Company on 1 March 2010. Dr. Qian is currently a tenured full professor of Biomedical Engineering, University of Texas, and a fellow of American Institute for Medical and Biological Engineering. He also enrolled the Chinese 1000 Plan as an innovation expert. He is Dean of the Sino-Dutch Biomedical and Information Engineering School of Northeastern University. Dr. Qian was appointed as Allen Henry Endowed Chair Distinguished Professor of Electrical Engineering in the Engineering College at Florida Institute of Technology in 2009. He had previously been an associate professor of Department of Interdisciplinary Oncology at Moffitt Cancer Center, College of Medicine, University of South Florida from 2001 to 2007. Dr. Qian has been given the Stars Award of system research by University of Texas, US in 2008, Award for Outstanding Research Achievements by American Cancer Society in 2000. Dr. Qian received Martrin Silberg Cancer Research Award for outstanding achievements for two consecutive years in 1994 and 1995. He obtained his doctorate of Biomedical Engineering at Southeast University in 1990. He was a Postdoctoral Research Associate of University of Notre Dame in 1992 and of University of South Florida in 1994. Dr. Qian is the brother of Ms. Chin Yu, an executive Director and the brother-in-law of Mr. Ng Tit, the Chairman and Chief Executive Officer of the Group.

Ms. Chin Yu, aged 61, co-founder of the Group. Ms. Chin has been re-designated from non-executive Director to executive Director of the Company since 1 February 2015. Ms. Chin is responsible for the daily operations of NT Pharma (Hong Kong) Co., Ltd. Ms. Chin was appointed as non-executive Director on 1 March 2010. Prior to the establishment of the Group, Ms. Chin was an accounting professional. Ms. Chin worked in Bank of Communications from 1987 to 1993. Ms. Chin is the spouse of Mr. Ng Tit, the Chairman of the Board of Directors and Chief Executive Officer, and the sister of Dr. Qian Wei, a non-executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Tze Shan Hailson, aged 68, was appointed as an independent non-executive Director of the Company on 29 June 2017. He was graduated from the University of Calgary with a bachelor degree in Electrical Engineering in 1979, graduated from the University of Hong Kong with a master degree in Electrical Engineering in 1987, graduated from City University of Hong Kong with a master degree of law in Arbitration and Dispute Resolution in 1995 and completed the postgraduate diploma in Investment Management and postgraduate certificates in Hong Kong Laws and Traditional Chinese Medicine courses.

Mr. Yu served as equipment maintenance and testing engineer, equipment maintenance and testing laboratory manager, computer engineering and system engineering manager of Ampex Ferrotec Limited (Hong Kong) successively from June 1979 to September 1987. Mr. Yu joined China International Trust and Investment Corporation Hong Kong (Holdings) Limited and served as general manager of engineering research and development department and consultant of Petroleum Development and LPG Tank Terminal Port successively from October 1987 to January 1998. Mr. Yu served as deputy managing director of Versitech Limited and deputy director of Technology Transfer Office of the University of Hong Kong from February 1998 to September 2022. He has been serving as director of Innovation and Entrepreneurship of Macau University of Science And Technology from February 2023 till now.

Mr. Yu has been serving as an independent non-executive director of China Traditional Chinese Medicine Holdings Co. Limited (formerly known as Winteam Pharmaceutical Group Limited) (stock code: 570), since November 2013 and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (stock code: 2196) since June 2021, Mr. Yu was an independent non-executive director of Sinopharm Group Co. Ltd. (stock code: 1099) from September 2014 to September 2020. All are companies listed on the Stock Exchange of Hong Kong.

Mr. Yu currently is a Chartered Engineer, fellow of each of the Institute of Electrical Engineers, Hong Kong Institution of Engineers, the Chartered Institute of Arbitrators and Hong Kong Institute of Arbitrators.

Dr. Zhao Yubiao, aged 54, was appointed as an independent non-executive Director of the Group on 31 December 2019. He obtained his doctorate degree in economics from Jilin University in June 2013. From June 1990 to April 1996, he served as the manager of accounting department and trading department of the securities business department of Jilin Trust Investment Company (Shanghai branch); from April 1996 to December 2000, he served as the general manager of the securities business department of Jilin Trust Investment Company (Hongshan Road branch, Shanghai); from December 2000 to December 2002, he served as the general manager of Shanghai Jinluda Investment Management Co., Ltd.; from December 2002 to May 2017, he served successively as the general manager, vice chairman and chairman of Tianzhi Fund Management Co., Ltd.; from May 2018 to present, he has been serving as the assistant to the chairman of Zhejiang Nandu Power Supply Co., Ltd., the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300068); from May 2019 to present, he has been serving as an independent director of Huafon Microfibre (Shanghai) Co., Ltd., the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300180).

Mr. Ng Ming Kwan, aged 47, was appointed as an independent non-executive Director of the Group on 19 January 2023. He has over 20 years of experience in financial management, accounting and corporate finance. He obtained a Bachelor of Business Administration degree from Richard Ivey School of Business, University of Western Ontario in 2000. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a Chartered Professional Accountants of Canada and a Certified Management Accountants of Canada. Mr. Ng has been the chief financial officer of Dimmi Life Holdings Limited (formerly known as Milestone Builder Holdings Limited) (stock code: 1667), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since March 2021.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a high standard of corporate governance. The Board believes that a high standard of corporate governance will provide a framework for the Company to formulate its business strategies and policies, and manage and lower the associated risks through effective internal control procedures. It will also enhance the transparency of the Company and strengthen the accountability to its shareholders and stakeholders.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**") and certain recommended best practices. The Company has complied with all the applicable code provisions in the Code throughout the year ended 31 December 2024, save as disclosed below and in this corporate governance report:

Code provision A.2.1 of the Code 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 ("**Mr. Ng**") 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.

Mr. Ng Tit is the main founder of the Group and he is responsible for the overall strategic planning and management of the Group. He has played an important role during the Group's expansion. Mr. Ng has extensive experience in the pharmaceutical industry, having been engaged in the pharmaceutical business for over 20 years. At present, the Board believes that it is beneficial to the management and development of the Group's businesses for Mr. Ng to be both the chairman and chief executive officer as it helps to facilitate the Board's decision-making.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to the Directors, it is confirmed that all Directors have complied with the standards as stipulated in the Model Code throughout the year ended 31 December 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the period from 1 January 2024 to 31 December 2024, the Board had at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors representing at least one-third of the Board.

The Company has received annual confirmations from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all existing independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules and are free of any relationship that could materially interfere with the exercise of their independent judgments.

THE BOARD

The Board is responsible for achieving corporate goals, formulating development strategy, reviewing the organizational structure, monitoring business activities and performance of management and determining the policy for corporate governance of the Company so as to protect and maximize the interests of the Company and the shareholders as a whole. Matters relating to the daily operations of the Group are delegated to management. During the Year under Review, the Board considered and approved the annual budget and its performance under management supervision together with the business reports from management. The Board also reviewed and approved the final results for the year ended 31 December 2023 and other critical business operations. The Board also assessed the internal control and the financial matters of the Group.

Board Composition

The Board composition for the year ended 31 December 2024 and up to the date of this report are as follows:

Executive Directors

Mr. Ng Tit *(Chairman and Chief Executive Officer)*
Ms. Ng Anna Ching Mei (appointed on 15 January 2024)

Non-executive Director

Dr. Qian Wei
Ms. Chin Yu (re-designated from executive director to the non-executive director on 15 January 2024)

Independent Non-executive Directors

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

As at the date of this annual report, the Board comprises seven Directors, including two executive Directors, two non-executive Director and three independent non-executive Directors. The members of the Board possess diverse and rich industry backgrounds with appropriate professional qualifications. Please refer to the section headed – "Biographical Details of Directors".

To the best knowledge of the Board, save as disclosed in the section headed "Biographical Details of Directors", there is no financial, business, family or other material/relevant relationship among members of the Board. Board members are free to exercise their independent judgment.

Under code provision A.4.1 of the Code contained in Appendix 14 to the Listing Rules, non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors were appointed for a term of three years, subject to re-election when appropriate by the Company in general meeting.

Board Diversity Policy

To demonstrate the Company's continued commitment to high standards of corporate governance, the Board adopted a Board Diversity Policy in August 2013 to comply with the code provision A.5.6 of the Code on board diversity. The policy is as follows:

Purpose

This policy aims to set out the approach to achieve diversity on the Board.

Vision

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Policy Statement

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the board level as an essential element in maintaining the Company's competitive advantage.

The Company believes that greater diversity of directors is good for corporate governance and is committed:

- to attract and retain candidate(s) for the Board with a combination of competencies from the widest possible pool of available talent;

- to maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives;

- to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any;

- to ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered;

- to set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions; and

- to ensure that changes to the Board's composition can be managed without undue disruption.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Review of this Policy

The Board will review this policy on a regular basis to ensure its continued effectiveness.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(A) at least one-third of the members of the Board shall be independent non-executive directors;

(B) at least one of the members of the Board shall have obtained accounting or other professional qualifications;

(C) at least 70% of the members of the Board shall have more than seven years of experience in the industry he/she is specialised in; and

(D) at least two of the members of the Board shall have China-related work experience.

The Board is of the view that its diversity level is appropriate in terms of gender, age, cultural and educational background, professional experience, skills and knowledge of the Directors. However, the Board will continue to observe the Board Diversity Policy and consider potential candidates against the objectives set out in the Board Diversity Policy in order to achieve diversity on the Board.

Board Meetings

The Board conducts meetings on a regular basis and on an ad hoc basis, whenever required. The Company will convene at least four regular meetings every year. In 2023, the Company convened four regular Board meetings. The attendance records of the regular Board meetings held during the year ended 31 December 2024 are set out below:

Name of Directors	Meeting attendance/ number of regular meetings	Attendance rate (%)
Executive Directors		
Mr. Ng Tit *(Chairman and Chief Executive Officer)*	4/4	100%
Ms. Ng Anna Ching Ming (appointed on 15 January 2024)	4/4	100%
Non-Executive Directors		
Dr. Qian Wei	4/4	100%
Ms. Chin Yu	4/4	100%
Independent Non-Executive Directors		
Mr. Yu Tze Shan Hailson	4/4	100%
Dr. Zhao Yubiao	4/4	100%
Mr. Ng Ming Kwan	4/4	100%

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board committee meetings, reasonable notice is generally given. The agendas and accompanying Board papers are given to all Directors in a timely manner.

All Directors have full and timely access to all relevant information and the advice of the company secretary, to ensure that Board procedures and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

The minutes of all Board committee meetings are kept by the Company at its Hong Kong office. Draft and final versions of the minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

Training for Directors

For each newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

During the year ended 31 December 2024, the Company circulated materials relevant to the Director's duties and responsibilities to Directors and management of the Company for their reading and reference.

A summary of the reading record and attending external seminars/briefings of the Directors for the year ended 31 December 2024 and up to the date of this report are as follows:

Name of Directors	Reading regulatory update	Attending external seminars/ briefings
Executive Directors		
Mr. Ng Tit *(Chairman and Chief Executive Officer)*	✓	✓
Ms. Ng Anna Ching Mei	✓	✓
Non-executive Directors		
Dr. Qian Wei	✓	✓
Ms. Chin Yu	✓	✓
Independent Non-executive Directors		
Mr. Yu Tze Shan Hailson	✓	✓
Dr. Zhao Yubiao	✓	✓
Mr. Ng Ming Kwan	✓	✓

Directors' and Senior Officers' Liability Insurance and Indemnity

The Company has arranged appropriate liability insurance to indemnify the Directors and senior officers for their liabilities arising out of corporate activities. For the year ended 31 December 2024, no claim has been made against the Directors and senior officers.

Board Committees

The Board has set up three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**"), for overseeing particular aspects of the Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

AUDIT COMMITTEE

The Board established the Audit Committee on 26 March 2011, with written terms of reference in compliance with the Listing Rules. Currently, it is chaired by Mr. Ng Ming Kwan and comprises two other members, namely Mr. Yu Tze Shan Hailson and Dr. Zhao Yubiao, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements, oversee and provide advice in respect of the financial reporting system, oversee the internal control procedures and perform the corporate governance duties of the Company.

The Audit Committee is responsible for performing the following corporate governance duties:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to Directors;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

During the year ended 31 December 2024, the Audit Committee convened the following meetings:

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Ng Ming Kwan *(Chairman)*	3/3	100%
Mr. Yu Tze Shan Hailson	3/3	100%
Dr. Zhao Yubiao	3/3	100%

During the Year under Review, the Audit Committee together with the management of the Company reviewed the Code, the accounting principles and practices adopted by the Group and discussed the Group's internal control, risk management and financial reporting matters, including a review of the annual results for the year ended 31 December 2023 and the interim results for the six months ended 30 June 2024, with recommendation to the Board for approval. The Audit Committee has also recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Moore CPA Limited ("**Moore Hong Kong**") be re-appointed as the external auditor of the Company.

REMUNERATION COMMITTEE

The Board established the Remuneration Committee on 26 March 2011, with written terms of reference in compliance with the Listing Rules. Currently, Mr. Yu Tze Shan Hailson, an independent non-executive Director, is the chairman of the Remuneration Committee. Dr. Zhao Yubiao, an independent non-executive Director, and Mr. Ng Tit, an executive Director, are the other two members of the Remuneration Committee.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of Directors and senior management, as well as the retirement scheme and the performance assessment system and bonus and commission policies of the Company.

The remuneration of Directors is based on their skills, knowledge, performance of the Company, industry benchmarks and prevailing market conditions. No Director or senior management will be involved in any discussion in connection with his or her own remuneration. The Remuneration Committee may also consult with the chairman on its proposals relating to the remuneration of other executives and Directors and has access to professional advice if required. The main objective of the remuneration policy is to ensure that the Company is able to attract, retain and motivate a high caliber team which is essential to the success of the Company.

During the year ended 31 December 2024, the Remuneration Committee convened the following meeting:

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Yu Tze Shan Hailson *(Chairman)*	2/2	100%
Mr. Ng Tit	2/2	100%
Dr. Zhao Yubiao	2/2	100%

During the Year under Review, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company, and offered advice on the same to the Board.

Pursuant to code provision E.1.5. of the Code, the remuneration by band of the senior management for the year ended 31 December 2024 are set out below:

Remuneration band (RMB)	Number of individuals
0–1,000,000	3
1,000,001–2,000,000	0
2,000,001–3,000,000	0
3,000,001–4,000,000	0
4,000,001–5,000,000	0
5,000,001 above	0

NOMINATION COMMITTEE

The Board established the Nomination Committee on 26 March 2011, with written terms of reference in compliance with the Listing Rules. Currently, it is chaired by Mr. Ng Tit, an executive Director, and comprises two other members, namely Dr. Zhao Yubiao and Mr. Yu Tze Shan Hailson, both of whom are independent non-executive Directors.

The primary functions of the Nomination Committee is to make recommendations to the Board regarding candidates to fill vacancies on the Board.

The duties of the Nomination Committee also include reviewing the structure, number and composition of the Board; submitting proposals to the Board on the appointment of the chief executive officer and director; reviewing the independence of the independent non-executive Directors and submitting proposals to the Board. The authority and duties of the Nomination Committee are clearly set out in its terms of reference.

During the year ended 31 December 2024, the Nomination Committee convened the following meetings:

Name of Directors	Meeting attendance/ number of meetings	Attendance rate (%)
Mr. Ng Tit *(Chairman)*	2/2	100%
Mr. Yu Tze Shan Hailson	2/2	100%
Dr. Zhao Yubiao	2/2	100%

During the Year under Review, the Nomination Committee has reviewed the structure, size and diversity (including the skills, knowledge, experience, gender, cultural and educational background) of the Board, considered the proposed appointment of director, conducted performance evaluations to assess whether the non-executive Directors have spent enough time in fulfilling their duties, assessed the independence of independent non-executive Directors, and kept under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.

A "Nomination Policy" for Directors was formally adopted and the nomination procedures, process and criteria to select and recommend candidates for directorship was set out in the Nomination Committee's terms of reference. The Nomination Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

The Nomination Policy aims to (i) set out the criteria and process in the nomination and appointment of directors of the Company; (ii) ensure that the Board of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at board level.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

NOMINATION PROCESS

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

INTERNAL AUDIT

The Internal Audit ("**IA**") of the Group is designed to help the Group protect its assets and information. The presence of IA empowers the Group to implement best business practices in challenging business environments. The Group's IA covers a number of in-house procedures and policies including, among others, the relevant financial, operational and compliance controls and risk management procedures. IA carries out systematic independent reviews of all business units and subsidiaries in the Group on an ongoing basis. The frequency of review of individual business unit or subsidiary is determined after an assessment of the risks involved. The Audit Committee endorses the internal audit plan annually. IA has unrestricted access to all parts of the business, and direct access to any level of management including the chairman, or the chairman of the Audit Committee, as it considers necessary. The audit result is discussed and agreed with the management of the Group subsequent to each review. A summary of major audit findings together with the actions to be taken by the Group's management for rectifying the control weaknesses is also submitted to the Audit Committee. The implementation of the remedial actions will then be followed up and the implementation progress will be reported to the Audit Committee each time it meets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining an adequate system of risk management and internal control and reviewing its effectiveness. The risk management and internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and management rather than elimination of risks associated with its business activities. During the year 2024, the Board, through the Audit Committee, reviewed the effectiveness of the Group's risk management and internal control system covering all material controls and risk management functions. The review is conducted annually in accordance with the requirement of the Code. In accordance with the Code requirements, the Audit Committee also reviewed and was satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget for the year ended 31 December 2023. In addition, IA conducts regular and independent reviews of the effectiveness of the Group's risk management and internal control system. The Audit Committee reviews the findings and opinion of IA on the effectiveness of the Group's risk management and internal control system and reports to the Board on such reviews. To ensure the highest standard of integrity in our businesses, the Group has adopted a "Code of Conduct" defining the ethical standards expected of all employees. Training courses on the "Code of Conduct" are held regularly for all employees.

The Board is not aware of any significant internal control weaknesses nor significant breach of limits or risk management policies.

RISK FACTORS

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

Information Disclosure System

The Group has formulated its information disclosure system, to ensure the identification and confidentiality of potential inside information until it is disclosed according to the Listing Rules in a consistent and timely manner. The procedures for publishing and processing inside information include:

- Business department managers as the people in charge of information reporting;
- Senior management as the people in charge of the information confidentiality of their respective business segments;
- The Board as the party in charge of information disclosure; and
- The Investor Relations Department as the parties responsible for managing information disclosure, the reporting, audit and disclosure of information which needs public announcement, and archiving and keeping such information disclosure documents and announcements.

Economic Environment and Conditions

Substantially all of our operations are located in China, and substantially all of our sales are made in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China.

Adverse changes in political, economic and other policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and could otherwise materially and adversely affect our business, operations or competitive position.

Market Environment

We operate in a highly competitive environment and we may not be able to compete effectively against current and future competitors. Our inability to compete effectively could result in decrease of sales, reduction of price and loss of market share, any of which could have a material adverse effect on our results of operations and profit margins.

Provincial Tendering

In each province where we market our products, we are required to participate in a government-sponsored competitive bidding process every year or every few years. During the provincial tendering process, we and our competitors submit pricing and other product information to local pricing bureaus for selection, which is based on the bid price, clinical effectiveness and quality of each product and the reputation of the bidder. For each product category, a local pricing bureau will permit a limited number of products for sale in the relevant province or local district.

We may fail to win bids in a provincial tendering process due to various factors, including reduced demand for the relevant product, uncompetitive bidding price or local protectionism. We may also win bids at low prices that will limit our profit margins. There can be no assurance that our bids will enable us to win the tendering process and maintain our market share without compromising our profitability. In addition, we may lose in the tendering process because the relevant product is perceived to be less clinically effective than competing products or our services or other aspects of our operations are perceived to be less competitive.

New Product

Our long-term competitiveness depends on our ability to enhance our existing products and to develop and commercialize new pharmaceutical products through our research and development activities. The development process of pharmaceutical products in general, is time-consuming and costly, and there can be no assurance that our research and development activities will enable us to successfully develop new pharmaceutical products.

INDEPENDENT AUDITOR’S REMUNERATION

During the year ended 31 December 2024, the remunerations paid or payable to the Group’s auditor, Moore Hong Kong, in respect of their audit and non-audit services are as follows:

	For the year ended 31 December 2024 RMB’000
Audit services	923

COMMUNICATION WITH SHAREHOLDERS

The Company believes that the annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. Separate resolutions are proposed for each substantially separate issue at the annual general meeting. In accordance with the Listing Rules, voting by poll is mandatory at all general meetings except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedure or administrative matter to be voted on by a show of hands. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day of the general meeting.

The Company has reviewed the Shareholders' communication policy and believes that the Company has provided investors with multiple channels for investors to understand the Group's business and operations, as well as channels for investors to express their opinions and comments. The Company also actively responded to the feedback from investors. Based on this, the Company believes that the Shareholders' communication policy implemented during the Year is sufficient and effective.

During the Year under Review, an annual general meeting and an extraordinary general meeting of the Company was held on 28 June 2024 and the attendance record of the Directors is set out below:

Name of Directors	Meeting attendance/ number of meetings
Executive Directors	
Mr. Ng Tit	2/2
Ms. Ng Anna Ching Mei (appointed on 15 January 2024)	2/2
Non-executive Directors	
Dr. Qian Wei	2/2
Ms. Chin Yu	2/2
Independent Non-executive Directors	
Mr. Yu Tze Shan Hailson	2/2
Dr. Zhao Yubiao	2/2
Mr. Ng Kwan Ming	2/2

FAIR DISCLOSURE

The Company uses its best endeavors to distribute material information about the Group to all interested parties as timely as possible. Information about the Group can be found on the Company's website including descriptions of each business and the interim and annual reports of the Company.

FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the financial statements which give a true and fair view of the Group's affairs and of its results and cash flows for the year 2024 in accordance with Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. The Directors of the Company endeavor to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable. The adoption of new or amended accounting standards that became effective during the year has not had a significant impact on the Group's results of operations and financial position. The responsibilities of the external auditor with respect to the audit of financial statements are set out in the section headed "Independent Auditor's Report" in this report.

The Directors confirm that, save as disclosed in the Independent Auditor's Report of this report, to the best of their knowledge, information and belief, having made all reasonable enquiries, saved as disclosed in the independent auditor's report under the heading "Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements". The directors of the Company have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, which are set out in note 2(b) to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, including:

(i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable in demand;

(ii) Successful develop itself into an integrated platform enterprise that covers the supply of health products and health screening services;

(iii) Successful obtaining new sources of financing to repay the Group's borrowings upon the due date; and

(iv) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

The successful outcomes of the above-mentioned plans and measures are subject to multiple uncertainties.

These conditions, together with other matters described in note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Our auditor do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of the Independent Auditor's Report, our auditor have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, our auditor is of the opinion that the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance. Save as disclosed above, the Directors are not aware of any other events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Notwithstanding the foregoing, the Directors have prepared the consolidated financial statements on a going concern basis, taking into consideration the various factors set out in the section headed "The views of the management and the Audit Committee on the disclaimer of opinion relating to going concern" of this annual report.

Also, in the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

The Company has provided financial guarantees to Suzhou First Pharma and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 and RMB58,030,000.

Suzhou First Pharma was under the Debt Restructuring which subject to several auctions on the remaining assets held to repay the amounts due to its creditors. The management of the Company considers the Company might be liable on these guaranteed bank and other borrowings.

During the year ended 31 December 2024, financial guarantee contracts have been recognised amounting to approximately RMB177,008,000 (2023: RMB170,713,000). Details of financial guarantee contracts are set out in note 28 to the consolidated financial statements.

The Audit Committee has review and agreed with the views of management and auditor. The Board should continue its effort in implementing necessary measures for any significant judgements and estimates.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is included in the Report of the Independent Auditor of this annual report.

COMPANY SECRETARY

Mr. Cheng Cheung King ("**Mr. Cheng**") has been appointed as the company secretary of the Company since 31 December 2023.

In compliance with Rule 3.29 of the Listing Rules, Mr. Cheng has undertaken not less than 15 hours of relevant professional training during the year ended 31 December 2024.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024 and up to the date of this report, there had not been any change in the Constitution of the Company. The Constitution of the Company is available on the websites of the Company and the SEHK.

DIVIDEND POLICY

On 24 January 2019, the Board has approved and adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future business growth and its shareholding value subject to the applicable laws and the articles of association of the Company.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the articles of association of the Company, general meetings shall be convened on the written requisition of any one or more members of the Company to the Directors or secretary of the Company deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

If a member, who is entitled to attend and vote at the relevant general meeting, wishes to nominate a person (not being the nominating member) to stand for election as a Director, he or she should lodge at the principal place of business of the Company in Hong Kong or at the registered office of the Company notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his or her willingness to be so elected and including such person's biographical details and written consent to the publication of his/her personal data. The minimum length of period, during which such notice(s) are given, shall be at least seven days and that (if the notice(s) are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior the date of such general meeting.

ENQUIRIES TO THE BOARD

Enquiries may be put to the Board through the Company's principal place of business in Hong Kong at 3613, 36/F, COSCO Tower, 183 Queen's Road Central, Hong Kong (Email: investorrelations@ntpharma.com).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

China NT Pharma Group Company Limited (the "**Company**" or "**NT Pharma**", together with its subsidiaries, the "**Group**" or "**we**") is an innovative digital pharmaceutical group principally engaged in the pharmaceutical distribution, sales of products purchased from OEMs and digital healthcare business. The purpose of this Environmental, Social and Governance Report (the "**Report**","**ESG Report**") is to report to stakeholders on the Group's environmental, social and governance ("**ESG**") initiatives, programmes and performance for the year 2024 and to demonstrate the Group's commitment to sustainable development. The Group attaches importance to ESG work and contributes to sustainable development.

REPORTING PERIOD

This ESG Report details the environmental, social and governance activities, challenges, performance and initiatives undertaken by the Group during the financial year ended 31 December 2024 ("**2024**", "**Year**", "**Reporting Period**").

SCOPE OF THE REPORT

The 2023 report only covers the Hong Kong office. 2024 this report covers the Hong Kong headquarters, as well as the Hainan and Beijing offices.

REPORTING FRAMEWORK

This Report has been prepared in accordance with Appendix C2, Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules of the Stock Exchange of Hong Kong. In the light of the actual circumstances of the Group In preparing this Report, the Group has adopted the reporting principles set out in the Guidelines on Environmental, Social and Governance Reporting Guide as follows:

Materiality:	During the Year, material issues were identified through a materiality assessment and the identified material issues were used as a focus for the preparation of the ESG Report. The materiality of the issues was reviewed and confirmed by the Board and the Environmental, Social and Governance Working Group (the "**Working Group**"). For further details, please refer to the sections on "Stakeholder Engagement" and "Materiality Assessment".
Quantification:	Supplementary notes have been added to the disclosures in this Report to explain the standards, methods and sources of conversion factors used in the calculation of emissions and energy consumption.
Balance:	The Group describes and discloses the relevant information and contents in an objective and fair manner and is not biased by any factors.
Consistency:	The 2023 report only includes the Hong Kong office, this report includes the Hong Kong, Hainan and Beijing offices. The scope of reporting and method of preparation of this report differs from that of the previous year, and information on the changes in the scope of disclosure and calculation method is explained.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on the Group's current expectations, estimates, projections, beliefs and assumptions about the business and markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties and factors beyond the Group's control. Accordingly, actual results and returns may differ materially from the assumptions and statements contained herein.

CONTACT US

Stakeholders are welcome to provide valuable comments and suggestions on this ESG Report or its performance on sustainability by email to investorrelations@ntpharma.com.

THE GROUP'S ESG GOVERNANCE STRUCTURE

The Board Statement

The Board is responsible for overseeing the opportunities and risks of sustainable development of the Group and ensuring that environmental, social and governance initiatives are in line with its growth strategy. The Group actively practices the principles of sustainable development through the establishment of a core governance structure, which is integrated into its day-to-day management and operations. To improve the Group's ESG performance management and to identify potential risks, the Board, with the assistance of the ESG Working Group, conducts regular materiality assessments, taking into account the views of stakeholders, to evaluate and prioritise significant ESG issues.

ESG Working Group

The Environmental, Social and Governance Working Group ("**Working Group**"), comprising core members from different divisions and operational teams, is approved by the Board to assist in risk assessment and effective policy implementation.

The Board is responsible for assessing ESG related risks and opportunities, establishing ESG management objectives, strategies, priorities and targets, conducting periodic reviews ESG related objectives; approving ESG report disclosures; and overseeing all ESG related matters. While the Working Group is responsible for collecting and analysing ESG information, compiling relevant reports, monitoring and evaluating ESG performance and ensuring compliance with regulatory requirements. The Working Group meets regularly to assess the effectiveness of existing policies on ESG and incorporates relevant issues into the development of strategies for risk management and opportunity optimisation. In addition, the Working Group reports to the Board to assist in assessing and identifying ESG risks and opportunities regularly, evaluating the implementation and effectiveness of internal control mechanisms, and reviewing the progress against objectives and targets.

Stakeholder Engagement

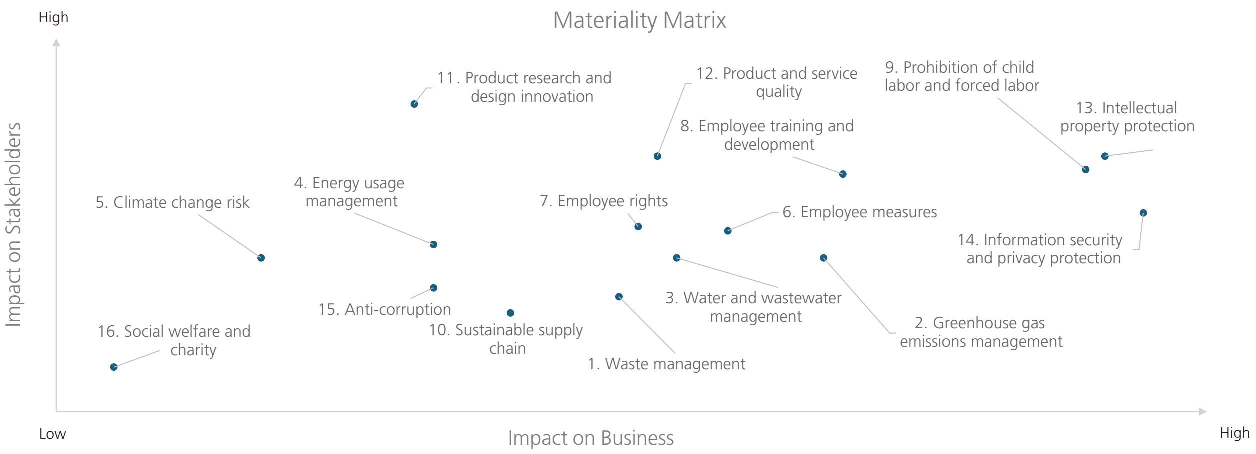
The Group values stakeholders' participation and feedback on the Group's sustainable development. The Group proactively adheres to the "materiality" reporting principle and maintains close communication with stakeholders, including but not limited to investors and shareholders, governmental and regulatory bodies, suppliers, employees, customers and other stakeholders, through multiple communication channels to identify issues of materiality at the environmental, social and governance levels, including product quality, supplier management, anti-corruption, and environmental management. and environmental management. We have also disclosed our management approach in this report to address stakeholders' concerns.

Stakeholder	Major Concerns	Communication Channels
Investors and Shareholders	• Business Performance • Corporate Governance • Integrity and Compliance	• Financial Report • General Meetings • Press Releases • Email Newsletter • Official Website
Government and Regulators	• Compliance with laws and Regulations • Health and Safety • Environmental Protection	• Circulars • Email Newsletter
Suppliers	• Fair and open competition • Responsible supply chain Management • Win-Win Co-operation	• Qualification • Site Visit • Email Newsletter
Employees	• Career Development • Employee Compensation and Benefits • Occupational Health and Safety	• Performance Evaluation • Meetings and training programmes • Internal Email Communication
Customers	• Product and Service Quality Control • Customer Service • Customer Welfare	• Customer Service Hotline • Email Newsletter • Telephone or Instant Messaging
Community and NGOs	• Community Involvement • Environmental Awareness • Business Ethics	• Public Discussion • Email Newsletter • ESG Report
Media and Community	• Environmental Protection • Community Involvement • Open and Transparent Information	• Environmental, Social and Governance Report • Press Releases • Social Welfare Activities

Materiality Assessment

The Group identifies important ESG issues with reference to the business development strategy, industry practices and the results of the critical areas assessment in previous years and compiles questionnaires. Through the feedback of the questionnaires, the Group's stakeholders and management and staff of the key functions of the Group assist in reviewing the operations, identifying the relevant ESG issues and assessing their significance to the Group's business and stakeholders.

A material issue in this Report is one that is likely to have a significant impact on the Group's business operations or to have a practical effect on stakeholders. The Group has analysed the findings and presented them in a materiality matrix. The results of the materiality assessment are ultimately reviewed by the Board and the senior management to ensure that they are appropriate to the nature of the Group's business nature and their overall representativeness. It will be used as an important reference for future strategy formulation, target setting and continuous disclosure. The following matrix is a summary of the Group's material environmental, social and governance issues during the Reporting Period:



ENVIRONMENT

Due to the nature of the Group's business, which is predominantly office operation, the Group does not have a significant impact on the environment. As a responsible business, the Group is committed to achieving more aggressive decarbonisation targets through the implementation of internal policies to reduce carbon emissions with sustainable development, thereby mitigating potential direct and indirect negative environmental impacts arising from its business operations.

During this Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations in relation to air and greenhouse gases ("**GHG**"), emissions, discharges into water and land discharges, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The relevant laws and regulations include but are not limited to the Waste Disposal Ordinance, the Air Pollution Control Ordinance, and the Water Pollution Control Ordinance in Hong Kong.

Emission

Air Emissions

The business activities in which the Company is engaged are mainly office operations. The emissions from the Group's business operations mainly comprise Nitrogen Oxides ("**NOx**"), Sulphur Oxides ("**SOx**") and Particulate Matters ("**PM**"), with the main source of emissions being vehicle exhaust. The Group has taken proactive measures to reduce emissions through the implementation of policies, including regular inspection and maintenance of vehicles, replacement of air filters, fuel filters and spark plugs. Encouraging rational use of vehicles and restricting the use of vehicles for personal use to reduce unnecessary emissions. We will also educate our staff on the importance of switching off idling vehicle engines. As part of our sustainability strategy, the Group will continue to seek improvements to reduce air pollution. As a result of the reorganisation of Suzhou First Pharmaceutical within the Group and the change in its business, emissions of air pollutants have been reduced.

Air Emission Type	unit	FY2024	FY2023
Nitrogen oxides ("**NOx**")	kg	**1.09**	1.73
Sulphur oxides ("**SOx**")	kg	**0.02**	0.03
Particulate Matter ("**PM**")	kg	**0.08**	0.01

Greenhouse Gas ("GHG") Emissions

The Group's main sources of GHG emissions are direct GHG emissions from petrol consumed for transportation (Scope I) and indirect GHG emissions from purchased electricity (Scope II). In order to properly manage the greenhouse gas emissions, the Group actively adopts measures to save electricity and energy. to reduce greenhouse gas emissions.

Direct greenhouse gas emissions decreased during the reporting period due to the Group's effective emission reduction measures. During the reporting period, the Group's electricity consumption increased as a result of the change in the scope of reporting and the addition of the Hainan and Beijing offices to the statistics compared to 2023. The Group's total revenue increased and the intensity of greenhouse gas emissions decreased. The Group has implemented effective energy saving measures, while the staff's awareness of reducing greenhouse gas emissions has been increasing, actively reducing indirect greenhouse gas emissions from purchased electricity.

Greenhouse Gas Emission Types	unit	2024 Financial Year	2023 Financial Year
Direct GHG emissions (Scope 1)	tCO_2e	**3.90**	4.79
Indirect greenhouse gas emissions (Scope 2)	tCO_2e	**4.29**	1.31
Total greenhouse gas emissions (Scope 1 and 2)	tCO_2e	**8.19**	6.1
Intensity	tCO_2e/mil Rev	**0.23**	0.87

Remarks:

1. The information on Greenhouse gas emissions are presented in tonnes of carbon dioxide equivalent, with reference to a number of international standards including but not limited to the Greenhouse Gas Inventory Protocol: Corporate Accounting and Reporting Standards published by the World Resources Institute and the World Business Council for Sustainable Development, and How to Prepare an Environmental, Social and Governance Report – Appendix II: Guidance on Reporting of Environmental Key Performance Indicators published by the Stock Exchange of Hong Kong Limited 2023. Sustainability Report" published via HEC Investment Limited, "CLP 2023 Sustainability Report" published by CLP Holdings Limited and "Announcement of CO2 Emission Factors for Electricity in 2022" published in December 2024 by the Ministry of Ecology and Environment of the People's Republic of China.

2. In 2024, the Group's total revenue will be approximately RMB35 million. (2023: RMB7 million). This information will also be used to calculate other density information.

3. Due to the temporary relocation of the Hong Kong headquarter to a shared office for renovation, information on the electricity consumption of the Hong Kong headquarter could not be obtained as the electricity consumption had been included in the leasing charges.

Sewage Discharge

As the Group only consists of offices in Hong Kong, Hainan and Beijing, no significant amount of wastewater discharge is generated from the Group's business activities. As the wastewater discharged by the Group is sent to local sewage treatment plants for treatment via municipal sewage networks, the water consumption of the Group represents the amount of wastewater discharged. Information on the Group's water consumption is explained in the section headed "Water management" on level A2.

Waste Management

The Group attaches great importance to the recycling and integrated management of waste. The Group also adheres to the principles of "reduce, utilise and dehazard" to enhance the effective management of waste and to prevent waste from polluting the environment. At the same time, the Group is committed to educating its staff on the importance of sustainable development and providing them with relevant support to develop their skills and knowledge in sustainable development.

Hazardous waste

As the Group only consists of offices in Hong Kong, Hainan and Beijing, the Group did not generate any hazardous waste during the Reporting Period. However, the Group has established guidelines for the management and disposal of hazardous waste, and if any hazardous waste is generated, the Group is required to dispose of it by professional organisations or engage qualified chemical waste collectors to handle such waste in order to comply with relevant environmental laws and regulations.

Non Hazardous Waste

During the reporting period, the Group increased the amount of non-hazardous waste discharged due to the change in the scope of reporting and the addition of new statistics for Hainan and Beijing offices as compared to 2023. The Group strives to create a green workplace culture by promoting paperless operations, raising employees' awareness of environmental protection and encouraging them to be environmentally friendly by reducing the amount of office waste generated, thereby reducing waste disposal. The Group will continue to monitor the efficiency of its waste management system by introducing environmentally friendly measures, such as encouraging employees to put used single-sided office paper into designated waste paper recycling bins and to use double-sided printing.

Indicator	unit	**FY 2024**	FY 2023
Office Paper	tonne	**0.03**	0.002
Total Non- hazardous waste	tonne	**0.03**	0.002
Non – hazardous waste intensity	Tonnes/mil Rev	**Less than 0.01**	Less than 0.01

Use of Resources

The Group actively promotes the efficient use of resources and continuously assesses the potential environmental impact of its business operations through real-time monitoring. Through the four basic principles of "Reduce, Reuse, Recycle and Replace", the Group promotes a green office and operating environment to minimise the impact on the environment. The Group's employees are conscious of the importance of electricity, paper and water resources in compliance with the relevant environmental management principles.

Energy management

The main sources of energy consumed by the Group in its daily production and operations are office electricity consumption and petrol consumption from vehicles. According to the latest statistics generated by the Climate Action Plan, electricity is the main source of carbon footprint. The Group has taken proactive measures such as switching off idle appliances and replacing old appliances with more energy-efficient ones. As a result of the Group's effective emission reduction measures, total direct energy consumption decreased during the reporting period. During the reporting period, the Group's electricity consumption increased due to a change in reporting scope, with new statistics for Hainan and Beijing offices compared to 2023. As a result of the increase in the Group's total revenue, energy consumption intensity decreased.

Indicator	unit (of measure)	FY2024	FY2023
Total direct energy consumption	MWh	**14.20**	17.44
Petrol	MWh	**14.20**	17.44
Total indirect energy consumption	MWh	**8.00**	4.10
Electricity	MWh	**8.00**	4.10
Total energy consumption	MWh	**22.20**	21.55
Energy consumption intensity	MWh/million revenue	**0.63**	3.08

Water management

Office water is the main source of water consumption for the Group. Information on water consumption is not available as it is included in the lease charges. During the Reporting Period, due to the nature of the Group's business and the areas in which it operates, we have not encountered any problems in obtaining suitable sources of water.

The Group is aware of the global water scarcity situation and has taken proactive measures to cope with the challenge. We encourage all staff and employees to develop a habit of water conservation and have put in place the following water conservation measures. These include regular inspection of water supply facilities, regular inspection of water supply pipes, taking timely measures or reporting to supervisors if leakage or malfunctioning of control devices is detected. In addition, we have increased publicity on water conservation and posted water conservation slogans to guide our staff in using water in a reasonable manner.

Although the Group's water consumption is not significant, the Group has set a lower target for the next three years compared to the 2024 financial year and expects to achieve this target through continuous review of the above water conservation measures.

Use of Packing Materials

Due to the reorganisation of Suzhou First Pharmaceutical within the Group and the change in the nature of its business, there was no use of packaging materials during the Reporting Period and therefore the disclosure is not applicable to the Group. The use of packaging materials is considered to be a significant environmental, social and related matter for the Group.

The Environment and Natural Resources

Although the Group's core business has limited impact on the environment and natural resources, the Group attaches importance to the impact of its business on the environment and natural resources. Apart from complying with environmental laws and regulations to protect the natural environment, the Group has also incorporated the concept of environmental and natural resources protection into its internal management and daily operation activities, such as proper disposal of wastes and treasuring of resources. In order to achieve the goal of environmental sustainability, the Group aims to enhance the improve the environmental monitoring and early warning system while establishing an emergency response system for environmental emergencies.

Climate Change

Addressing climate change represents the main direction of the global green and low-carbon transition. To achieve the target of addressing climate change, China has pledged to achieve carbon peaking by 2030 and strive to achieve carbon neutrality by 2060. Hong Kong has also pledged to achieve net zero emissions by 2050. The Group has responded positively to the country's call and, taking into account its current situation, identified the risks and opportunities of climate change and incorporated them into its risk management system to strengthen its ability to respond to the risks and opportunities of climate change.

Physical Risk

As a pharmaceutical company committed to promoting healthy living, the Group acknowledges that climate change has led to a series of extreme weather events and natural disasters, including rising sea levels, persistent high temperatures, typhoons and heavy precipitation. These factors have the potential to impact the daily production operations of the business as well as pose risks to the safety of our employees in longterm potential risks. Therefore, we have formulated preventive and contingency measures to protect the safety and health of our employees in the face of unexpected disasters. For employees living in areas prone to extreme weather, we have adjusted their work schedules and paid attention to them in order to safeguard their lives. In addition, to minimise the challenges posed by climate change to our operations, the Group has been actively exploring new business models to change, mitigate or avoid additional operating costs and incidents caused by climate change.

Transitional Risks

In line with our vision of achieving global carbon neutrality, the Group continues to keep abreast of the latest climate-related legislation and regulations and the challenges they pose to the industry. More stringent environmental laws and regulations may expose companies to higher policy risks. Failure to meet climate change compliance requirement may have implication for corporate reputation, capital investments, and compliance costs. To this end, the Group regularly monitors current and emerging climate-related trends, policies and regulations and is prepared to alert top management as necessary to avoid increased costs, fines for non-compliance or reputational risk due to slow response. In addition, the Group has been adopting comprehensive environmental protection measures, including greenhouse gas emission reduction measures, and has set targets to gradually reduce the Group's energy consumption and greenhouse gas emissions in the future.

Climate-related opportunities

Global warming has created an environment in which many diseases can survive and spread, resulting in many challenges to public health. Currently, the risks posed by climate change and the aging of the population have prompted many consumers to pay attention to the development of the pharmaceutical industry and the medicines that can be used to cope with or prevent sudden outbreaks, thus opening new opportunities for the Group's future pharmaceutical research and development.

SOCIAL

Employment

The sustainable development of the Group is attributable to the hard work and dedication of every member of the Group. The Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other laws and regulations relating to remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other treatments and benefits. The Group has developed a comprehensive set of systems and policies, such as the Employee Handbook and the Personnel Management System, in accordance with relevant laws and regulations clearly define the management of recruitment, entry and exit, salary and bonus, attendance, probation period, post adjustment, reward and punishment systems and contract renewal. The Group has also formulated a series of systems and policies such as the Employee Handbook and the Personnel Management System in accordance with the relevant laws and regulations to clearly define the management of recruitment, entry, exit, salary and bonus, attendance, probationary period, post adjustment, reward and punishment system and contract renewal, so as to promote the standardisation and institutionalization of decision-making, thereby further improving the standard of human resources management. During the Reporting Period, the Group was not aware of any material breach of laws and regulations relating to human resources management.

Recruitment, Promotion and Compensation

Recruitment

The Group has set out in detail in the Staff Handbook regarding matters related to recruitment, including recruitment application, recruitment process, prohibited matters and duties. At the end of each year, the Group formulates its human resources planning for the following year based on the Company's overall strategic planning and business development objectives. The Human Resources Department conducts recruitment activities through both external and internal channels in accordance with the planning. External channels encompass online recruitment, job fairs, referrals, campus recruitment. Internal channels include internal competitions, internal recommendations. The Human Resources Department will conduct recruitment through external and internal channels according to the planning. The Human Resources Department will conduct interviews with the shortlisted candidates, who are also scheduled to interview with department managers or responsible persons. After passing the interview, the candidate will be approved by the person in charge or the general manager before being hired.

Promotion, remuneration and benefits

The Group has a clear reward and punishment system in its personnel management process to ensure that employees who have created outstanding performance are rewarded accordingly, including notification of commendations, awards and promotions. At the same time, the Group's Human Resources Department assesses the competence of its employees annually on the basis of their annual performance through key performance indicators (organised twice a year, once in the middle of the year and once at the end of the year), which are used as an indicator to provide opportunities for adjustments to or promotions of their qualifications for appointment or salary adjustments.

The Group has a well-established remuneration system to ensure that our staff receive fair and reasonable salaries and incentives. We comply with relevant national and regional laws and regulations and pay "five insurance policies and one housing fund" in accordance with the law, such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, so as to ensure that our employees can enjoy social insurance benefits. In addition, our remuneration system covers basic salary, performance salary, company benefit award, performance bonus, project bonus and other categories. For employees with outstanding performance, all incentives received are filed by the Human Resources Department and serve as an important basis for personal salary increase, promotion and advancement. In addition to salary and social security insurance, we provide paid annual leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, bereavement leave, sick leave, personal leave and other holiday benefits, including maternity gratuities, holiday gifts, and high temperature subsidies, to enrich the lives of our employees and enhance their sense of belonging.

Equal Opportunities, Diversity and Anti-Discrimination

The Group is committed to providing an equal and inclusive working environment for its employees and has formulated relevant systems to ensure the legitimate rights and interests of its employees and the orderly management of production. We eliminate all discrimination in recruitment, remuneration, training and promotion on the basis of race, religion, nationality, social status and gender. All of our employees enjoy fair treatment and work opportunities, and we respect their freedom of lifestyle, religion and speech. At the same time, we strictly punish all unethical behaviours such as malicious attacks, libel, slander and other unethical behaviours. If such behaviours are found, the Reward and Punishment Committee will take written warnings according to the specific circumstances and deduct a part of the bonus, and those in serious cases will be dismissed.

Working Hours and Holidays

The Group has stipulated the working days and rest time arrangements for its employees in the Employee Handbook to eliminate any form of compulsory labour. The Group also strictly protects the lawful rights and interests of labourers in accordance with the requirements of the Labour Law of the People's Republic of China, the Employment Ordinance of Hong Kong and other laws and regulations, respects the rights of employees to rest and leave, and regulates the working hours of its employees as well as their entitlement to various types of rest time and leave. We implement a paid annual leave system for our employees in accordance with the Regulations on Paid Annual Leave for Employees and other relevant laws and regulations and pay overtime wages and remuneration for labour in excess of statutory working hours. At the same time, the Group provides paid annual leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, bereavement leave, sick leave, personal leave, and other holidays.

Compensation and Dismissal

The Group adheres to the guidelines of the relevant employment regulations and employees injured in the course of their employment will be compensated as set out in the Group's insurance programme. Unreasonable dismissal under any circumstances is strictly prohibited, and dismissal will be carried out in accordance with established procedures, with reasonable treatment and compensation provided to the dismissed employee. The relevant provisions for termination of employment are set out in each employee's employment contract.

As 31 December 2024, the number of employees in the Group's reporting area was 22 (2023: 16), all of whom were full-time employees. Details of the breakdown of the number of employees are set out below.

	FY 2024	FY 2023
Distribution of Staff Sites		
Mainland China	15	8
Mainland	7	8
Overseas countries	0	0
Employee Gender Distribution		
Male	14	9
Female	8	7
Employee Age Distribution		
18–30	2	3
31–40	12	6
41–50	3	2
51 and above	5	5
Employee Ranking Distribution		
Director	0	0
Executives	14	6
Manager	7	4
Supervisors	0	0
Staff	1	6

During the reporting period, the Group had a total of 2 (2023: 2) departures, representing a turnover rate of 9.09% (2023: 12.5%). Details of the turnover of departed staff by gender, age and geographical group are set out below.

	FY 2024	FY 2023
Employee Turnover rate (by gender)		
Male	14%	11%
Female	0	14%
Employee turnover rate (by age group)		
18–30	0	0
31–40	8%	17%
41–50	33%	0
51 and above	0	20%
Staff turnover rate (by district)		
Mainland China	7%	0
Mainland	14%	25%
overseas countries	0	0

Health and Safety

The Group attaches great importance to the health and safety of its employees. Various activities are organised on a regular basis to promote staff relations and to enhance the quality of life of staff and enrich their spare time. The Group's labour union is responsible for organising and arranging various activities and coordinating with various departments in the preparation of such activities, so as to bring out the strengths of each department, enhance teamwork within the Group and promote its unique corporate culture. During the Reporting Period, the Group organised various recreational activities to enhance the sense of belonging of its staff and to actively create a happy, open, healthy, friendly and harmonious atmosphere in their work and life.

Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees and is committed to providing a safe, healthy and comfortable working environment for its employees by adhering to the health and safety production policy of "Safety First, Prevention First and Comprehensive Management". The Group strictly complies with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Code for Notification of Occupational Disease Hazards in Highly Toxic Substances, the Provisions on Supervision and Administration of Occupational Hygiene in Workplaces and other laws and regulations relating to the prevention and control of occupational diseases. During the Reporting Period, the Group was not aware of any material breach of laws and regulations relating to employee health and safety. The Group has formulated a number of policies and management procedures to safeguard the occupational health and safety of its employees against occupational disease hazards and risks.

	FY2024	FY2023	FY2022
Number of work-related fatalities	**0**	0	0
Rate of work-related fatalities	**–**	–	–
Lost days due to work injury	**0**	0	0

Fire safety management (FSM)

The Group strictly complies with the Fire Services Law and the Regulations on Public Security Administration Punishments issued by the PRC, and establishes safety rules for fire services, open flame management and fire operations through the formulation of the Fire Services and Open Flame Management Regulations to minimise or avoid the occurrence of safety accidents. The Group conducts fire safety training to ensure that the safety system is fully implemented, and that staff can handle fire alarms and fires in a timely and appropriate manner and organise rescue operations effectively. At the same time, the rules set out clear requirements for the management of fire-fighting equipment and dangerous goods. Leaders at all levels must attach great importance to fire safety and establish a strict fire prevention responsibility system.

Development and Training

The Group has formulated the "Staff Education and Training Management Regulations" to guide the arrangement of staff training programmes and the management of training assessment. We provide a wide range of training activities for our employees, both internally and externally, to enhance their vocational skills and promote their career development. In addition, we formulate career development plans for our employees based on their work backgrounds and personal career development aspirations, providing them with a smooth development pipeline and continuous room for development. Training plans are formulated at the end of each year, and the Quality Department will compile an annual training plan for the Group based on the training plans of each department. Talent development is the driving force behind the Group's longevity. In order to ensure the growth of employees' vocational ability, the Group cultivates high-calibre talents through a sound training system that covers the diversified skill enhancement needs of employees, upgrading their professional skills and increasing their professional knowledge base.

In addition, the Group provides external training opportunities for employees to enrich the knowledge acquisition pipeline and enhance the work skills reserve through external training channels. Format Including open courses and seminars organised by training providers. Training budgets were provided in accordance with the "Management Procedures for External Training of Employees" to regulate training management. During the reporting period, a total of 31.82% (2023: 43.75%) of the Group's staff received training, with an average of 4.77 hours (2023: 11 hours) per staff member, and details of training by gender and grade are set out below.

	FY2024	FY2023
Percentage of staff classified as trained (by Gender)		
Male	35.71%	86%
Female	25%	14%
By Employee Category		
Manager	87.5%	86%
Supervisors	–	14%
Staff	–	–

	FY2024	FY2023
Average number of hours of staff training (by gender)		
Male	5.36	19.44
Female	3.75	2.14
Average number of hours of staff training (by rank)		
Manager	13.13	15
Supervisors	0	25
Staff	0	0

Labour Standards

Prevention of child labour and compulsory labour

The Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other laws and regulations relating to labour standards, so as to provide employees with a clear understanding of the system of forced labour and labour rights. During the recruitment process, applicants are requested to complete the "Applicant Registration Form". Additionally, interviews and background checks are carried out to ensure that the selected candidates fulfill the job requirements in terms of physical condition, academic qualifications, identity cards, accounts and age. The Group does not employ child labour and if employees suspect or discover child labour or forced labour, they should report it to their department heads or executive directors. If the Group becomes aware of any violation of labour standards in the respective jurisdictions, it will immediately address the issue in accordance with applicable laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group.

Supplier Management

In order to build a sustainable supply chain and standardised procurement management process the Group has formulated a series of policies including the "Supplier Audit Management Procedures" and "Supplier Due Diligence Procedures". These policies outline the criteria and procedures for the selection and evaluation of suppliers. These policies aim to provide detailed guidance for the Group in selecting and evaluating the performance of suppliers. The objective is to select suppliers and business partners who have demonstrated a positive business track record, as well as a commitment to compliance and anti-business ethics. During the Year, the Group had only one major supplier from Hong Kong.

	FY2024	FY2023
Supplier Distribution		
Overseas countries	**1**	–
Mainland	**1**	1

Green Sourcing

The Group's objective is to cultivate a green sourcing supply chain by implementing innovative strategies and transformative changes. In line with a commitment to sustainable development, the Group focuses on local procurement, optimizing turnaround times, and incorporating sustainable practices into its business model. During the procurement process, we place a high priority on local suppliers and environmentally friendly products and services. By giving preference to local procurement, we aim to reduce the carbon footprint associated with procurement activities. Simultaneously, this approach supports local economic growth and contributes to the creation of employment opportunities within the communities it operates in.

Product Responsibility

Product quality is an important component of the long-term development of an enterprise. The Group strictly follows the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, and has formulated a series of internal systems for controlling quality risks, grasping the quality of products, and perfecting the service system in order to continuously improve the product quality control system, with a view to providing customers with high-quality products and services.
Product Quality and Safety

Product Quality and Safety

Providing healthy and safe products to our customers is the Group's long-term pursuit. The Group has established internal management documents such as the "Quality Control System for Adverse Drug Reaction Reporting and Monitoring" and the "Management Procedures for the Release of Raw Auxiliary Ingredients, Packaging Materials and Finished Products". The Group also set up a drug safety monitoring office, which comprises an authorised person of the Company's quality department who acts as the head of the office, after-sales service personnel, quality control personnel and dedicated staff for adverse drug reaction reporting and monitoring, in order to manage the work related to drug safety efficiently and effectively. The office is composed of a corporate quality authorised person as the office director, after-sales service personnel, quality control personnel and dedicated staff for adverse reaction reporting and monitoring. The office conducts regular risk assessments on drug safety and implements risk control in a timely manner, so as to manage the work in relation to adverse drug reactions and efficiently deal with drug safety issues. During the year, the Group did not record any material breach of laws and regulations relating to the quality of products and services. In order to recall products with known or suspected quality problems in a timely manner, the Group has formulated the "Management Procedures for Product Recall" and "Management Procedures for Corrective and Preventive Measures" with the aim of minimising the potential impacts of the sold products on the customers and to handle the related matters appropriately. During the year, the Group did not receive any significant complaints relating to its products and services, nor did it record any matters relating to the recall of products for safety and health reasons.

Customer Satisfaction and Privacy Protection

The Group pays attention to customer feedback and suggestions through the "Product Complaint Handling Management Procedures" to ensure proper judgement and handling of customer complaints, and to promote the improvement of product quality and quality control system. Customers have the option to provide feedback to us by letter, fax, telephone. Any feedback received will be followed up and resolved according to our Complaint Handling Procedure. The Quality Department is responsible for the management of customer complaints and cooperates with relevant departments to investigate and handle complaints to ensure that feedback and solutions are provided to customers within the required time, and to summarise and analyse customer complaints each year for continuous improvement of product and service quality.

Our business activities rarely involve the collection of customers' personal data. The Group attaches great importance to the protection of customers' rights and privacy and is committed to the maintenance and protection of personal data. To safeguard corporate assets and customers' safety and interests, the Group stipulates that only authorised staff are allowed to access the customer information system and the staff's personal information system and prohibits any misuse of personal information for illegal profits. Any abuse of personal information for illegal profits is prohibited. The Group ensures strict compliance with the regulatory requirements on data privacy.

Protection of Intellectual Property Rights

Intellectual property protection is an important competitive edge of the Group. In order to safeguard the protection of intellectual property rights and ensure the safety and integrity of intangible assets, the Group has appointed professional third party companies to assist in the management of intellectual property rights protection related matters and has established a management system for intellectual property rights protection in accordance with the Patent Law of the People's Republic of China and other laws and regulations to ensure that the management work is carried out in an orderly manner and that any infringement of the intellectual property rights of the Trademarks is eliminated. In addition, the Group requires all employees to take practical measures to protect existing trademark property rights and supports employees to report any suspected violation of the code of conduct through the notification channel. During the Reporting Period, the Group was not aware of any incidents of non-compliance with related laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group.

Anti-Corruption

The Group adheres to the business ethics and corporate governance standards of integrity, law-abiding, compliance, sunshine and transparency, and endeavours to create a clean business environment. We strictly abide by the Criminal Law of the People's Republic of China, the Provisional Provisions on the Prohibition of Commercial Bribery and other laws and regulations on the prevention of bribery, extortion, fraud and money laundering. The Group has established an integrity mechanism in line with business ethics and compliance with PRC laws and regulations. Members of the Group's Board of Directors, management, staff and agents are required to comply with the business standards set out in respect of integrity and ethics, and to safeguard the Group's good corporate image and reputation as an honest and trustworthy enterprise.

The Group conducts annual compliance training for all employees in the form of e-learning, compliance policy tests and face-to-face lectures to enhance employees' bottom-line awareness of compliance requirements. In terms of supplier management, the Group adheres to green procurement to ensure that the tendering and procurement process is standardised and transparent, and to eliminate commercial bribery in the procurement process.

During FY2024, the Group was not aware of any serious violations of laws and regulations relating to bribery, extortion, fraud and money laundering. At the same time, there were no legal cases filed and concluded against the Group or its employees in relation to corrupt practices.

Staff Code of Conduct

The Group maintains a zero-tolerance attitude towards bribery and corruption and has developed an anticorruption policy in the staff handbook. The policy is updated regularly to ensure its effectiveness and compliance with the requirements of the CG Code. The following policies and regulatory documents are in place to ensure that the business operations are conducted in accordance with good business practices, thereby enhancing employees' awareness of anti-corruption.

- Compliance and Regulatory Policy
- Anti-bribery and Anti-Corruption Policy
- Gift and Hospitality Policy
- Marketing Activity Monitoring Standards
- Guidelines on Marketing Activities for Tyrex Distributors
- Policy on Engagement with Healthcare Professionals and Healthcare Organisations
- Code of Business Conduct and Ethics
- Flow Chart for the Management of Costs Associated with the Promotion of Medicines

Employees of the Group who are found to have committed illegal acts such as using their official position to commit malpractice, misappropriating funds or accepting bribes may be subject to disciplinary action, including termination of employment. In serious cases, they will be referred to the judicial authorities.

Whistle-blowing Procedure

The Group promotes a culture of reporting suspected non-compliance or malpractice among its employees and relevant third parties, including customers and suppliers. To facilitate this, the Group has established multiple channels, such as reporting hotlines and dedicated mailboxes, where individuals can confidentially report their concerns. The management will take immediate action to investigate the matter. The Group is committed to handling reports in a confidential and discreet manner and will keep the identity of all employees and/or third parties who make reports confidential.

Anti-Corruption Training

In the financial year 2024, seven directors of the Group have received three hours of anti-corruption training on four topics. We continue to promote and foster a culture of integrity and self-discipline by providing regular anti-corruption training to the Group's directors and employees to familiarise them with their corresponding roles and responsibilities in anti-corruption and business ethics, and to ensure their compliance with applicable laws and regulations.

Community investment

The Group adheres to the business ethics and corporate governance standards of integrity, law-abiding, compliance, sunshine and transparency, and endeavours to create a clean business environment. We strictly abide by the Criminal Law of the People's Republic of China, the Provisional Provisions on the Prohibition of Commercial Bribery and other laws and regulations on the prevention of bribery, extortion, fraud and money laundering. The Group has established an integrity mechanism in line with business ethics and compliance with PRC laws and regulations. Members of the Group's Board of Directors, management, staff and agents are required to comply with the business standards set out in respect of integrity and ethics, and to safeguard the Group's good corporate image and reputation as an honest and trustworthy enterprise. The Group conducts annual compliance training for all employees in the form of e-learning, compliance policy tests and face-to-face lectures to enhance employees' bottom-line awareness of compliance requirements. In terms of supplier management, the Group adheres to green procurement to ensure that the tendering and procurement process is standardised and transparent, and to eliminate commercial bribery in the procurement process. During the Reporting Period, the Group was not aware of any serious violations of laws and regulations relating to bribery, extortion, fraud and money laundering. At the same time, there were no legal cases filed and concluded against the Group or its employees in relation to corrupt practices.

Applicable Laws and Regulations

Aspect	Applicable Laws and Regulations	Compliance Statement
Emission	Law of the People's Republic of China on Prevention and Control of Air Pollution Law of the People's Republic of China on Prevention and Control of Water Pollution Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China on Prevention and Control of Soil Pollution Law of the People's Republic of China on the Promotion of Cleaner Production National Catalogue of Hazardous Wastes Comprehensive Emission Standards for Air Pollutants Comprehensive Emission Standards for Sewage Pollution Control Standards for Storage of Dangerous Wastes Standard for Emission of Air Pollutants from Boilers Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Environmental Protection Taxes Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Matters Measures for the Administration of Emission Permits (for Trial Implementation) Technical Policy on Pollution Prevention and Control of Volatile Organic Compounds (VOCs) Emission Standards for Air Pollutants in the Pharmaceutical Industry Comprehensive Emission Standards for Air Pollutants Greenhouse Gas Certification: Corporate Accounting and Reporting Standards Comprehensive Sewage Discharge Standards Public Security Administration Punishment Ordinance Standards for the Quality of Sewage Discharged into Urban Sewers Environmental Protection Graphic Signs – Solid Waste Storage (Disposal) Yards Standards for the Discharge of Environmental Noise at the Boundaries of Factories of Industrial Enterprise	During the year, the Group was not aware of any noncompliance of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Aspect	Applicable Laws and Regulations	Compliance Statement
Resource Consumption	Energy Conservation Law of the People's Republic of China	
The Environment and Natural Resources	Environmental Protection Law of the People's Republic of China	
Employment	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Prohibition of Child Labour Law of the People's Republic of China on the Protection of Minors Hong Kong's Employment Ordinance	During the year, the Group is not aware of any breaches of laws and regulations relating to remuneration and dismissal, recruitment and promotion, hours of work, holidays, equal opportunities, anti-discrimination, and other entitlements and benefits that have a material impact on the Group.
Health and Safety	Production Safety Law of the People's Republic of China Law of the People's Republic of China on the Safety of Special Equipment. Fire Services Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Occupational Diseases	During the year, the Group was not aware of any breaches of laws and regulations relating to the provision of a safe working environment and the protection of employees against occupational hazards which had a material impact on the Group, nor were there any cases of work-related deaths or occupational diseases.
Labour Standards	Regulations Prohibition of the Use of Child Labour Law of the People's Republic of China on the Protection of Minors	During the year, the Group did not have any cases of child labour and forced labour.

Aspect	Applicable Laws and Regulations	Compliance Statement
Product Responsibility	The Standard for the Quality of Pharmaceutical Businesses Norms for Quality Control of Pharmaceutical Products Law of the People's Republic of China on Product Quality Law of the People's Republic of China on Copyright Infringement and Liability Law of the People's Republic of China on Drug Administration Patent Law of the People's Republic of China Trademark Law of the People's Republic of China Copyright Law of the People's Republic of China Contract Law of the People's Republic of China Administrative Measures for Reporting and Monitoring of Adverse Drug Reactions Law of the People's Republic of China on Technical Contracts Law of the People's Republic of China on Anti-Unfair Competition	During the Year, the Group was not aware of any legal or regulatory matters relating to health and safety, advertising, labelling and privacy issues and remedies in respect of products and services that were in breach of laws and regulations and had a material impact on the Group.
Anti-Corruption	Criminal Law of the People's Republic of China Hong Kong Prevention of Bribery Ordinance Provisional Provisions on the Prohibition of Commercial Bribery	During the Year, the Group was not aware of any breaches of laws and regulations relating to bribery, extortion, fraud and money laundering which had a material impact on the Group, nor was the Group involved in any corruption cases.
Public Welfare	Law of the People's Republic of China on Donations for Public Welfare Utilities Measures for the Administration of Acceptance of Public Welfare Donations by Healthcare Units (for Trial Implementation)	

INDEX TABLE FOR ESG REPORTING GUIDE OF THE STOCK EXCHANGE IN HONG KONG

The Stock Exchange of Hong Kong Limited ESG Reporting Guidelines Content Index Table

Mandatory Disclosure Requirements	Sections/Declarations
Governance Structure	Board and Governance Structure
Reporting Principles	Reporting Framework
Scope of the Report	Scope of Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A1: Emissions		
General Disclosure	Policies relating to emissions and greenhouse gas emissions, pollution of water and land, generation of hazardous and non-hazardous waste, etc.; and (a) policies; and (b) information on compliance with relevant laws and regulations materially affecting the Issuer	Emissions
KPI A1.1	Types of emissions and related emission information.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and (if applicable) intensity (e.g. per unit of production, per facility).	Emissions – Greenhouse Gas Emissions
KPI A1.3	Total volume (in tonnes) and density of hazardous waste generated. Total amount of hazardous waste generated (in tonnes) and, if applicable, density (e.g. per unit of production, per facility).	Emissions – Waste Management
KPI A1.4	The total amount of non-hazardous waste generated (in tonnes) and, if applicable, the density (e.g. per unit of production, per facility).	Emissions – Waste Management
KPI A1.5	Describe the emission targets set and the steps taken to achieve them.	Emissions – Greenhouse Gas Emissions
KPI A1.6	Describe the methods used to treat hazardous and non-hazardous waste, and describe the waste reduction targets set and the steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A2: Use of Resources		
General disclosure	Policies for the efficient use of resources (including energy, water and other raw materials).	Use of Resources
KPI A2.1	Total direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type (Total direct and/or indirect energy consumption (e.g. electricity, gas or oil) by type (in thousands of kilowatt-hours) and intensity (e.g. per unit of production, per facility)	Use of Resource – Energy Consumption
KPI A2.2	Total water consumption and density (e.g. per unit of production, per facility).	Use of Resource – Water Management
KPI A2.3	Describe the energy efficiency targets set and the steps taken to achieve them.	Use of Resource – Energy Consumption
KPI A2.4	Describe any problems that may have been encountered in obtaining the applicable water source, as well as the water efficiency goals that have been established and the steps that have been taken to achieve those goals.	Use of Resource – Water Management
KPI A2.5	The total quantity of packaging materials used in the production of the finished product in tonnes and, if applicable, the quantity per unit of production.	Use of Resource – Use of Packaging Materials
A3: Environment and Natural Resources		
General disclosure	Describe the significant impacts of business activities on the environment and natural resources and the actions that have been taken to manage those impacts.	Environment and Natural Resources
KPI A3.1	Describe the significant climate-related issues that have had and are likely to have an impact on the issuer, and the actions taken in response.	Environment and Natural Resources – Ecological Conservation

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A4: Climate Change		
General disclosure	A policy for identifying and responding to significant climate-related issues that have had and may have an impact on the issuer.	Climate Change – Identification and Response
KPI A4.1	Describe the significant climate-related issues that have had and are likely to have an impact on the issuer, and the actions taken in response.	Climate Change – Physical Risk; Climate change – transition risk
B1: Employment		
General disclosure	Relating to pay and termination, recruitment and promotion, hours of work, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits: (a) policies; and (b) information on compliance with relevant laws and regulations material to the issuer.	Employment
KPI B1.1	Total number of employees by gender, type of employment (e.g. full-time or part-time), age group and district.	Employment
KPI B1.2	Employee turnover rate by gender, age group and region.	Employment – Recruitment, Promotion and Dismissal
B2: Health and Safety		
General disclosure	Policies on the provision of a safe working environment and the protection of employees against occupational hazards: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer	Health and Safety
KPI B2.1	The number and rate of work-related deaths in each of the past three years (including the year of compilation).	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B2.2	Number of days lost due to work-related injuries.	Health and Safety
KPI B2.3	Describe the occupational health and safety measures adopted and the related implementation and monitoring methods.	Health and Safety – Occupational Health and Safety; Health and Safety – Fire Safety Management;
B3: Development and Training		
General disclosure	Policies regarding the enhancement of employees' knowledge and skills to perform job duties. Describe training activities.	Development and Training
KPI B3.1	Percentage of employees trained by gender and type of employee (e.g. senior management, middle management).	Development and Training – Training Management and Programmes
KPI B3.2	Average number of hours of training completed per employee by gender and type of employee.	Development and Training – Training Management and Programmes
B4: Labour Standards		
General disclosure	Policies relating to the prevention of child labour or compulsory labour: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on issuers.	Labour Standards
KPI B4.1	Describe the measures to review recruitment practices to avoid child and compulsory labour.	Labour Standards – Prevention of Child Labour and Compulsory Labour
KPI B4.2	Describe the steps taken to eliminate the situation when a breach is detected.	Labour Standards – Prevention of Child Labour and Compulsory Labour

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B5: Supply Chain Management		
General disclosure	Managing Environmental and Social Risk Policies in the Supply Chain.	Supply Chain Management
KPI B5.1	Number of suppliers by region.	Supply Chain Management
KPI B5.2	Describe the practices regarding the engagement of suppliers, the number of suppliers to whom the practices are enforced, and the relevant enforcement and monitoring methods.	Supply Chain Management
KPI B5.3	Describe practices for identifying environmental and social risks at each point in the supply chain, and related enforcement and monitoring methods.	Supply Chain Management
KPI B5.4	Describe the practice of promoting the use of environmentally friendly products and services in the selection of suppliers, and the related implementation and monitoring methods.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B6: Product Responsibility		
General disclosure	Health and safety, advertising, labelling and privacy matters and remedies in relation to the products and services provided: (a) policies; and (b) information on compliance with relevant laws and regulations materially affecting the issuer.	Product Responsibility
KPI B6.1	Percentage of the total number of products sold or shipped that are subject to recall for safety and health reasons.	Product Responsibility – Product and Service Responsibility
KPI B6.2	The number of complaints received about products and services and how they were handled.	Product Responsibility – Product Quality and Safety
KPI B6.3	Describes practices related to the maintenance and protection of intellectual property rights.	Product Liability – Intellectual Property Protection
KPI B6.4	Describe the quality assurance process and product recall procedures.	Product Responsibility – Product Quality and Safety
KPI B6.5	Describe the consumer data protection and privacy policy, and how it is enforced and monitored.	Product Responsibility – Customer Satisfaction and Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B7: Anti-corruption		
General disclosure	Policies relating to the prevention of bribery, extortion, fraud and money laundering: (a) policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on issuers.	Anti-corruption
KPI B7.1	The number of corruption litigation cases filed and concluded against the issuer or its employees during the Reporting Period and the outcome of such litigation.	Anti-corruption – Anti-corruption Policies and Procedure
KPI B7.2	Describe the precautionary measures and reporting procedures, as well as the related enforcement and monitoring methods.	Anti-corruption – Anti-corruption policy and Procedure Anti-corruption – Whistle-blowing Procedure
KPI B7.3	Describe the anti-corruption training provided to directors and employees.	Anti-corruption – Anti-corruption policy and Procedure
B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities in which they operate and to ensure that their business activities take into account the interests of the community.	Community Investment
KPI B8.1	Focus on contribution areas (e.g. education, environmental issues, labour needs, health, culture, sports).	Community Investment – Social Welfare
KPI B8.2	Resources (e.g. money or time) spent in the area of specialisation.	Community Investment – Social Welfare

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report of the Company together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is mainly engaged in investment, research and development, manufacturing and sales of pharmaceutical products, as well as the provision of pharmaceutical marketing and promotion services.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate amount of revenue and purchases attributable to the Group's five largest customers and suppliers represented 99.97% and 92.28% of the Group's total revenue and total purchases, respectively.

During the Year under Review, the largest customer of the Group accounted for approximately 96.28% of the total revenue and the largest supplier of the Group accounted for approximately 29.95% of the total purchases of the Group.

As far as the Company is aware, neither the Directors, their associates, nor those shareholders who are interested in more than 5% of the shares or underlying shares of the Company had any interest in the five largest customers and suppliers of the Group.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, including complaints analysis and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2024 are set out in the audited consolidated financial statements with notes to the consolidated financial statements of this annual report.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 are provided in the Chairman's Statement and Management Discussion and Analysis of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out in page 184 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year to the shareholders.

TRANSFER TO RESERVES

Loss attributable to the owners of RMB53.4 million (2023: loss attributable the owners of RMB143.6 million) has been transferred to reserves. Other movements in reserves during the year are set out in the consolidated statement of changes in equity.

At 31 December 2024, the aggregate amount of reserves available for distribution to the equity holders of the Company was RMB Nil, being the net amount of share premium, other reserve and accumulated losses.

FIXED ASSETS

Details of the movements of fixed assets during the year are set out in note 15 to the consolidated financial statements.

BORROWINGS

Details of the Group's borrowings is set out in note 27 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 30 to the audited consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSAL DURING THE YEAR UNDER REVIEW

Material Disposal

On 5 August 2024, a special resolution of a wholly-owned subsidiary, NT Pharma (HK) Limited resolved the winding-up of the company voluntarily pursuant to Section 288(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the liquidators have been appointed. As a result of the liquidation and appointment of liquidators, the Group lost control over NT Pharma (HK) Limited and its direct wholly-owned subsidiary, NT Pharmaceutical Trading (Shanghai) Co., Ltd. (the "Deconsolidated Subsidiaries"). Accordingly, the financial results of the Deconsolidated Subsidiaries were deconsolidated from the Group and a loss on deconsolidation of the subsidiaries of approximately RMB7,009,000 was recognised in the consolidated profit or loss for the year ended 31 December 2024.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Company's environmental policies and performance is set out in the Environmental, Social and Governance Report in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to adverse impacts to the operation and financial position of the Company. The Company allocates systemic and staff resources to ensure continuous compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the Year under Review, the Company has complied, to the best of the knowledge of Directors, with all relevant rules and regulations that have a significant impact on the Company.

DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the date of this report are:

Executive Directors

Mr. NG Tit *(Chairman and Chief Executive Officer)*
Ms. Ng Anna Ching Mei (appointed on 15 January 2024)

Non-executive Director

Dr. QIAN Wei
Ms. CHIN Yu (re-designated from executive director to the non-executive director in 15 January 2024)

Independent Non-executive Directors

Mr. YU Tze Shan Hailson
Dr. ZHAO Yubiao
Mr. Ng Ming Kwan

Pursuant to article 84 of the articles of association of the Company, Mr. Ng Tit and Mr. Ng Ming Kwan will retire from office as Directors by rotation at the forthcoming annual general meeting.

Biographical details of the Directors of the Company are set out on pages 17 to 19 of this report.

NEW SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 22 September 2014. Under the 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 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 31 December 2024, no further options have been granted under New Share Option Scheme. During the year ended 31 December 2024, 280,000 share options under 2014 Share Option Scheme has lapsed (2023: Nil). No Shares were cancelled nor exercised during the year ended 31 December 2024.

As at 31 December 2024, options to subscribe for an aggregate of 1,740,000 shares of the Company were outstanding under the New Share Option Scheme.

The weighted average remaining life of the Share Option Scheme is 14 days.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in place during the year ended 31 December 2024.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the Year under Review and up to the date of this annual report, neither the Company nor any of its subsidiaries were party to any arrangement which would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed in this report, none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for the shares or debentures of the Company or any other corporate body or had exercised any such right.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

DIRECTORS' SERVICE CONTRACTS

All the Executive Directors have respectively entered into a service contract with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR OFFICERS' LIABILITY INSURANCE AND INDEMNITY/ PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate liability insurance to indemnify the Directors and senior officers for their liabilities arising out of corporate activities. For the year ended 31 December 2024, no claim has been made against the Directors and senior officers.

REMUNERATION POLICY

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results.

The emoluments of the Directors and senior management are determined by the Remuneration Committee with reference to the Group's operational results, their individual performance and comparable prevailing market conditions.

The Company was not aware of any arrangement under which a Director has waived or agreed to waive any emoluments. Details of the emoluments of the Directors are set out in note 11 to the consolidated financial statements.

COMPLIANCE OF THE NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, Mr. Ng Tit, Ms. Chin Yu and Golden Base Investment Limited ("**Golden Base**") (collectively referred to as the "**Substantial Shareholders**") have entered into a non-competition undertaking agreement dated 4 April 2011 in favor of the Company (the "**Non-competition Undertaking**"), pursuant to which each of them has undertaken to the Company that he/she/it will not, and will procure that his/her/its associates (except any members of the Group) will not, during the restricted period, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business in PRC or elsewhere in the world which is or may be in competition with our business, and any other business which any member of the Group may undertake from time to time after the listing of the Company's shares.

As disclosed in the announcement of the Company dated 7 November 2019, Golden Base transferred 200,000,000 shares of the Company (representing approximately 10.5% of the total issued share capital of the Company as at the date of the transfer) to Mr. Ieong Chong Mang and upon completion of the transfer, Mr. Ng Tit, Ms. Chin Yu and Golden Base and/or his/her/its respective associates, individually or jointly, are entitled to exercise or control the exercise of less than 30% of the voting power at general meetings of the Company, accordingly, each of them ceased to be a controlling shareholder (as defined under the Listing Rules) of the Company and the Non-competition Undertaking ceased to be applicable since 7 November 2019.

Each of the Substantial Shareholders had confirmed his/her/its compliance with the Non-competition Undertaking during the period between 1 January 2019 and 7 November 2019.

The independent non-executive Directors have reviewed the Substantial Shareholders' compliance with the Non-competition Undertaking. The independent non-executive Directors confirmed, to the best of their knowledge, that the Substantial Shareholders did not breach the terms of the Non-competition Undertaking.

COMPETING BUSINESS

Save and except for their respective interests in the Group, none of the Directors and controlling shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in any business which, directly or indirectly, competes or is likely to compete with the Group's business for the year ended 31 December 2024.

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

As at 31 December 2024, 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 under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules, were as follows:

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

Name of Director	Personal interests	Number of ordinary share Family interests	Corporate interests	Other interests	Approximate percentage of interest in the Company (Note 3)
Ng Tit	273,333 (Note 1)	–	40,289,200 (Note 2)	–	15.36%
Chin Yu	273,333 (Note 1)	–	40,289,200 (Note 2)	–	15.36%
Yu Tze Shan Hailson	15,000	–	–	–	0.01%

Notes:

(1) Mr. Ng Tit and his spouse, Ms. Chin Yu jointly own 273,333 Shares.

(2) An aggregate of 303,925,563 Shares 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 264,089,506 shares of the Company (the "**Shares**") in issue as at 31 December 2024 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options of the Company which remained outstanding as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, 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:

	Number of shares of the Company (long positions)				Approximate percentage of interest in the Company (Note 2)
Name	Beneficial owner	Interests of controlled corporation	Family interests	Other interests	
Golden Base	40,289,200	–	–	–	15.26%
Annie Investment Co., Ltd. (Note 1)	170,000	–	–	–	0.06%
Shum Ning (Note 1)	–	170,000	54,762,300	–	20.74%
Ieong Chong Mang (Note 1)	54,762,300	–	170,000	–	20.74%
Wang Minzhi	46,372,286	–	–	–	17.56%

Notes:

(1) Annie Investment Co., Ltd., a company wholly-owned by Shum Ning ("**Ms. Shum**"), is the beneficial owner as to 170,000 Shares. Ieong Chong Mang ("**Mr. Ieong**") is the beneficial owner as to 54,762,300 Shares (representing approximately 20.74% of the entire issued share capital as at 31 December 2024). Ms. Shum is the spouse of Mr. Ieong. Under the SFO, Ms. Shum is deemed to be interested in all the shares and underlying shares in which Mr. Ieong is interested in and vice versa.

(2) The percentage is calculated on the basis of 264,089,506 shares of the Company (the "**Shares**") in issue as at 31 December 2024 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any share options of the Company which remained outstanding as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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 year ended 31 December 2024.

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 year ended 31 December 2024.

PLACING OF BONDS

The Company did not issue other equity securities (including securities convertible into equity securities) for cash during the Year under Review.

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 during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

CONTINUING CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 41 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules but are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to the Listing Rules. The Company has complied with the disclosure requirements of the Listing Rules in respect of such continuing connected transactions.

EQUITY-LINKED AGREEMENTS

Save as otherwise disclosed in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year under Review. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Board, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

CHARITABLE DONATIONS

During the Year under Review, the Group did not make any donations (2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

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

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiries, all Directors have confirmed that they have complied with the standards as stipulated in the Model Code throughout the year ended 31 December 2024.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors. The Company considers that each of the independent non-executive Directors to be independent.

AUDITORS

The financial statements have been audited by Moore CPA Limited who will retire, and being eligible, offer themselves for reappointment. A resolution will be proposed at the Annual General Meeting to re-appoint Moore CPA Limited as auditor of the Company.

On behalf of the Board

Ng Tit
Chairman

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA NT PHARMA GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China NT Pharma Group Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 83 to 183, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

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

As described in note 2 to the consolidated financial statements, the Group incurred a loss of approximately RMB53,357,000 for the year ended 31 December 2024 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB708,880,000 and RMB399,108,000, respectively. The Group's total borrowings amounted to approximately RMB375,488,000, of which approximately RMB22,335,000, RMB313,810,000 and RMB31,350,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2024, respectively, while the Group's total cash and bank balances amounted to only approximately RMB9,623,000 as at 31 December 2024, details are set out in notes 2 and 27 to the consolidated financial statements. In addition, the Group is liable for two unsettled loans owed by its former subsidiaries due to financial guarantee contracts with carrying amount of approximately RMB177,008,000 as at 31 December 2024 as set out in note 28 to the consolidated financial statements.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements (Continued)

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

(i) Successful negotiations with the Group's existing lenders such that no action will be taken by the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable on demand;

(ii) Successfully develop itself into an integrated platform enterprise that covers the supply of health products and health screening services;

(iii) Successful obtaining new sources of financing to repay such borrowings upon the due date; and

(iv) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report, that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *BASIS FOR DISCLAIMER OF OPINION* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Moore CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
Continuing operations			
Revenue	5	**37,960**	7,366
Cost of services		**(32,700)**	–
Gross profit		**5,260**	7,366
Other income and gain	6	**272**	2,346
Other losses	7	**(6,295)**	–
Share of results of associates	18	**10,244**	37,039
Gain on disposal of subsidiaries	36	**–**	12,272
Loss on deconsolidation of subsidiaries	37	**(7,009)**	–
Loss on fair value changes upon transfer of interest in an associate to financial asset at fair value through profit or loss	18	**(29,485)**	–
Change in fair value of financial asset at fair value through profit or loss	19	**23,563**	–
General and administrative expenses		**(18,486)**	(63,574)
Finance costs	8	**(31,544)**	(28,818)
Loss before income tax from continuing operations	9	**(53,480)**	(33,369)
Income tax credit/(expense)	10	**123**	(122)
Loss for the year from continuing operations		**(53,357)**	(33,491)
Loss for the year from discontinued operations, net of tax	35	**–**	(110,099)
Loss for the year		**(53,357)**	(143,590)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(6,186)**	(2,808)
Release of exchange reserve upon derecognition of subsidiaries	36	**–**	1,389
Other comprehensive loss for the year, net of income tax		**(6,186)**	(1,419)
Total comprehensive loss for the year		**(59,543)**	(145,009)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
Loss for the year attributable to the owners of the Company			
– From continuing operations		**(53,357)**	(33,491)
– From discontinued operations		**–**	(110,099)
		(53,357)	(143,590)
Total comprehensive loss for the year attributable to the owners of the Company			
– From continuing operations		**(59,543)**	(36,299)
– From discontinued operations		**–**	(108,710)
		(59,543)	(145,009)
		RMB cents	RMB cents (Restated)
Loss per share attributable to the owners of the Company, Basic and diluted	14		
– From continuing operations		**(20.20)**	(14.04)
– From discontinued operations		**–**	(46.16)
For continuing and discontinued operations		**(20.20)**	(60.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	543	944
Intangible assets	16	–	195
Goodwill	17	–	–
Interest in an associate	18	–	312,960
Prepayments and deposits	21	65	2,160
Financial asset at fair value through profit or loss	19	317,282	586
		317,890	316,845
Current assets			
Inventories	20	168	–
Trade and other receivables	21	6,394	10,757
Cash and bank balances	22	9,623	1,520
		16,185	12,277
Current liabilities			
Trade and other payables	23	180,221	152,910
Lease liabilities	26	341	634
Other borrowings	27	367,495	340,708
Financial guarantee contracts	28	177,008	170,713
Tax payable		–	122
		725,065	665,087
Net current liabilities		(708,880)	(652,810)
Total assets less current liabilities		(390,990)	(335,965)

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	26	**125**	382
Other borrowings	27	**7,993**	3,218
		8,118	3,600
Net liabilities		**(399,108)**	(339,565)
Equity attributable to the owners of the Company			
Share capital	30	**1**	1
Reserves	31	**(399,109)**	(339,566)
Total capital deficits		**(399,108)**	(339,565)

The consolidated financial statements on pages 83 to 183 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Mr. Ng Tit
Chairman and Chief Executive

Ms. Chin Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to the owners of the Company									
	Share capital RMB'000 (note 30)	Share premium RMB'000 (note 31(i))	Exchange reserve RMB'000 (note 31(ii))	Statutory reserve RMB'000 (note 31(iii))	Merger reserve RMB'000 (note 31(iv))	Other reserve RMB'000 (note 31(v))	Capital reserve RMB'000 (note 31(vi))	Revaluation reserve RMB'000 (note 31(vii))	Accumulated losses RMB'000	Total RMB'000
As 1 January 2023	1	1,759,103	52,294	93,095	8,256	281,800	11,052	284,834	(2,732,093)	(241,658)
Loss for the year	–	–	–	–	–	–	–	–	(143,590)	(143,590)
Other comprehensive loss/(income), net of tax:										
Exchange differences arising on translation of financial statements of foreign operations	–	–	(2,808)	–	–	–	–	–	–	(2,808)
Release of exchange reserve upon deregistration of subsidiaries (note 36)	–	–	1,389	–	–	–	–	–	–	1,389
Total comprehensive loss	–	–	(1,419)	–	–	–	–	–	(143,590)	(145,009)
Issuance of new shares to the Consultants (notes 21(c)(iii) and 30(ii))	–*	37,709	–	–	–	–	–	–	–	37,709
Placing of new shares, net of expenses (note 30(iii))	–*	9,393	–	–	–	–	–	–	–	9,393
Transfer of reserve upon the Debt Restructuring	–	–	–	(85,244)	–	–	–	(284,834)	370,078	–
As 31 December 2023	1	1,806,205	50,875	7,851	8,256	281,800	11,052	–	(2,505,605)	(339,565)
As 1 January 2024	1	1,806,205	50,875	7,851	8,256	281,800	11,052	–	(2,505,605)	(339,565)
Loss for the year	–	–	–	–	–	–	–	–	(53,357)	(53,357)
Other comprehensive loss, net of tax:										
Exchange differences arising on translation of financial statements of foreign operations	–	–	(6,186)	–	–	–	–	–	–	(6,186)
Total comprehensive loss	–	–	(6,186)	–	–	–	–	–	(53,357)	(59,543)
Lapse of share options	–	–	–	–	–	–	(1,907)	–	1,907	–
As 31 December 2024	1	1,806,205	44,689	7,851	8,256	281,800	9,145	–	(2,557,055)	(399,108)

* Amounts less than RMB1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flow from operating activities			
Loss before income tax			
– continuing operations		**(53,480)**	(33,369)
– discontinued operations		**–**	(93,240)
		(53,480)	(126,609)
Adjustments for:			
Bank interest income	6	**(11)**	(14)
Gain on early termination of lease	6	**(29)**	–
Finance costs	8	**31,544**	51,025
Depreciation of property, plant and equipment	15	**48**	3,803
Depreciation of right-of-use assets	15	**612**	976
Amortisation of intangible assets	16	**–**	1,102
Loss on written off of property, plant and equipment	9	**121**	–
Loss allowance in respect of financial guarantee contracts	7	**6,295**	–
Loss on scrapped of property, plant and equipment	15	**–**	14
Gain on disposal of property, plant and equipment	6	**–**	(19)
Share of results of associates	18	**(10,244)**	(37,039)
Provision for allowance for expected credit loss on trade receivables, net	21(b)	**–**	1,663
Provision for allowance for expected credit loss on other receivables, net	21(c)	**–**	2,502
Fair value gain on contingent consideration payable	6	**–**	(2,054)
Loss on Debt Restructuring	35	**–**	86,738
Gain on disposal of subsidiaries	36	**–**	(12,272)
Loss on deconsolidation of the subsidiaries	37	**7,009**	–
Loss on fair value changes upon transfer of interest in an associate to financial asset at fair value through profit or loss	19	**29,485**	–
Change in fair value of financial asset at fair value through profit or loss	19	**(23,563)**	–
Operating cash flows before movements in working capital		**(12,213)**	(30,184)
Increase in inventories		**(168)**	(2,528)
(Increase)/decrease in trade and other receivables		**(997)**	67,329
Increase in trade and other payables and contract liabilities		**4,312**	16,716
Net cash (used in)/generated from operations		**(9,066)**	51,333
Income tax paid		**–**	(857)
Net cash (used in)/generated from operating activities		**(9,066)**	50,476

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(178)	(10,733)
Payment for acquisition of patent	21(b)	–	(2,160)
Proceeds from disposal of property, plant and equipment		–	159
Net cash outflow on Debt Restructuring	35	–	(9,223)
Net cash outflow on disposal of subsidiaries	36	–	(197)
Net cash outflow on deconsolidation of the subsidiaries	37	(22)	–
Interest received		11	14
Net cash used in investing activities		(189)	(22,140)
Cash flows from financing activities			
Proceeds from placing of new shares, net of expenses	31	–	9,393
Proceeds from other borrowings	42(b)	26,051	14,860
Repayment of other borrowings	42(b)	(1,921)	(8,572)
Proceeds from issuance of corporate bonds	42(b)	4,616	3,218
Payment for costs of issuing corporate bonds	42(b)	–	(472)
Repayment of corporate bonds	42(b)	(5,382)	(27,680)
Repayments of lease liabilities - principal	42(b)	(726)	(948)
Repayments of lease liabilities - interest	42(b)	(40)	(143)
Interest paid	42(b)	(9,945)	(18,628)
Net cash generated from/(used in) financing activities		12,653	(28,972)
Net increase/(decrease) in cash and cash equivalents		3,398	(636)
Cash and cash equivalents at beginning of year		1,520	1,916
Effect of foreign exchange rates changes, net		4,705	240
Cash and cash equivalents at end of year	22	9,623	1,520

1. CORPORATION INFORMATION

China NT Pharma Group Company Limited (the "**Company**") was incorporated in the Cayman Islands on 1 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 23 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business changed from 28th Floor, The Wellington, 198 Wellington Street, Sheung Wan, Hong Kong to Suite 3613, 36/F Cosco Tower, 183 Queen's Road Central, Hong Kong, with effect from 29 May 2024. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 April 2011.

The Company is an investment holding company while its principal subsidiaries (together with the Company, collectively referred to as the "**Group**") are principally engaged in sales and distribution services of pharmaceutical products and the provision of marketing and promotion services to suppliers in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is the presentation currency of the Group and the functional currency of the primary economic environment in the PRC where the majority of the entities within the Group operate.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange ("**Listing Rules**").

Application of amendments to HKFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2024, the Group has applied the following amendments to HKFRSs in the current year, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

2. BASIS OF PREPARATION (Continued)

Application of amendments to HKFRSs (Continued)

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in theses consolidated financial statements.

Impacts on adoption of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has adopted the amendments for the first time in current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

(i) What is meant by a right to defer settlement;

(ii) That a right to defer must exist at the end of the reporting period;

(iii) That classification is unaffected by the likelihood that an entity will exercise its deferral right; and

(iv) That only if an option at the discretion of the counterparty included in the terms of a convertible liability is itself an equity instrument in accordance with HKAS 32 Financial Instrument: Presentation would not affect the current or non-current classification of the liability.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. Covenants with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current at the reporting date.

2. BASIS OF PREPARATION (Continued)

Application of amendments to HKFRSs (Continued)

Impacts on adoption of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (Continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial adoption of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

New and amendments to HKFRSs issued but not yet effective for the year ended 31 December 2024

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of what the impact of these new and amendments to HKFRSs is expected to be in the period of initial application. So far the Group has not identified any aspects of the new and amendments to standards which may have a significant impact on the consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

Going concern

The Group incurred a net loss of approximately RMB53,357,000 for the year ended 31 December 2024 and as at that date, the Group had net current liabilities and net liabilities of approximately RMB708,880,000 and RMB399,108,000, respectively. The Group's total borrowings amounted to approximately RMB375,488,000, of which approximately RMB22,335,000, RMB313,810,000 and RMB31,350,000 were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2024, respectively, while the Group's total cash and bank balances amounted to only approximately RMB9,623,000 as at 31 December 2024. In addition, the Group is liable for two unsettled loans owed by its former subsidiaries due to financial guarantee contracts with carrying amount of approximately RMB177,008,000 as at 31 December 2024 as set out in note 28 to the consolidated financial statements.

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.

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 has been actively negotiating with lenders for renewal and extension of other borrowings. Specially, the Group is currently in active negotiations with the lenders to extend the repayment dates of the overdue borrowings and borrowings that are repayable on demand, and to obtain waivers from complying with certain restrictive covenants contained in the loan agreements of certain borrowings;

(ii) The Group will develop itself into an integrated platform enterprise that covers the supply of health products and health screening services. The platform currently plans to maintain its future core business by acting as an agent to supply and sell more medical products, provide integrated medical services, and use artificial intelligence to build a multi-party supply and demand bridge for bone health and integrate medical equipment and rehabilitation treatment, provide different levels of full-service medical services, and provide personalised customised medical care;

(iii) The Group will actively negotiating to obtain new sources of financing to repay overdue borrowings; and

(iv) The Group is actively negotiating with external parties to obtain new sources of financing or strategic capital.

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 abovementioned 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 consolidated financial statements have been prepared on a going concern basis for the year ended 31 December 2024.

2. BASIS OF PREPARATION (Continued)

Going concern (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 the relevant lenders and creditors of the Group to demand immediate repayment of the borrowings with principals and interests in default and those repayable in demand;

(ii) Successfully develop itself into an integrated platform enterprise that covers the supply of health products and health screening services;

(iii) Successful obtaining new sources of financing to repay such borrowings upon the due date; and

(iv) Successful obtaining new sources of financing or strategic capital investments within the next twelve months as and when needed.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Loss of control

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in consolidated profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to consolidated profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Property, plant and equipment

Property, plant and equipment (other than leasehold land and buildings and construction in progress) are stated at cost, less provisions for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment (Continued)

Leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the property revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated income statement, in which case the increase is recognised in the consolidated income statement.

A revaluation deficit is recognised in the consolidated income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the property revaluation reserve to accumulated losses is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to accumulated losses.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold improvements	over the term of lease
Furniture, fixtures and office equipment	3 to 5 years

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses as set out in notes (iv) to (viii) below.

(a) Club memberships

Club memberships represent the rights to use the club facilities for an indefinite period of time and are stated in the consolidated statement of financial position at cost less impairment losses (if any).

Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Associates (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in consolidated profit or loss. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in consolidated statement of profit or loss and other comprehensive income. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

During the year ended 31 December 2024, interest in an associate has been transferred to financial asset at fair value through profit or loss in consideration of loss of significant influence, details are set out in note 18.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and assets classified as held for sale/assets of a disposal group classified as held for sale), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or CGU to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated income statement in the period in which it arises.

Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial liabilities at financial assets at fair value through profit or loss ("**FVTPL**")) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in consolidated profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

– it has been acquired principally for the purpose of selling in the near term; or

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated profit or loss. The net gain or loss recognised in consolidated profit or loss includes any dividend or interest earned on the financial asset and is presented as the "fair value change on financial assets at FVTPL" in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, deposits and cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; and

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in consolidated profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

ECLs are measured on either of the following bases:

– 12m ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting period date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including cash and bank balances), the Group recognises a loss allowance equal to 12m ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the consolidated profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities and other borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in consolidated profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Contingent consideration payable is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in consolidated profit or loss. The net gain or loss is recognised in consolidated profit or loss and is included in the "other income and gain" line item.

Financial guarantee contracts are initially measured at fair value. After initial recognition, the financial guarantee contracts are subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with the accounting policy described for expected credit loss for financial assets and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated profit or loss.

When the contractual terms of convertible instruments are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in consolidated profit or loss.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in consolidated profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases

The Group as a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The cost of right-of-use assets

The cost of right-of-use assets includes:

– the amount of the initial measurement of lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the Group; and

– where applicable, an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the underlying the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, discounted to their present value under HKAS 37 "Provisions, contingent liabilities and contingent assets".

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets for buildings are depreciated on a straight-line basis over the shorter of its estimated useful life on the same basis as owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;

– the amount expected to be payable by the Group under residual value guarantees;

– the exercise price of purchase options, if the Group is reasonably certain to exercise the option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group exercising of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provision above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). The functional currency of the Company and its subsidiaries outside the PRC is Hong Kong dollars ("**HK$**") and the functional currency of the subsidiaries in the PRC is RMB. The financial statements are presented in RMB ("**presentation currency**").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in consolidated profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated profit or loss.

Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue represented the sales value of goods sold less returns, discounts and value added tax ("**VAT**").

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Agency fee service income

Agency service is acting as agent for clients to sell medical and health-related products to external customers, revenue is recognised when the service is rendered, performance obligation is satisfied at a point in time upon sales is confirmed by external customers.

(ii) Digital service income

The Group provides digital services in relation to provision of marketing and promotion in relation to bone health knowledge. The performance obligation is satisfied at a point in time when the customer has received the service rendered by the Group.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Other employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement schemes (the "**Schemes**") organised by the relevant local authorities whereby the PRC subsidiaries are required to make contributions to the Schemes at rates which range from 15% to 20% (2023: 15% to 20%) of the eligible employees' salaries during the year. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Other employee benefits (Continued)

Short term employee benefits and contributions to defined contribution retirement plans (Continued)

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% (2023: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2023: HK$30,000). Contributions to the MPF scheme vest immediately.

The Group has no other material obligation for payment of pension benefits beyond the annual contributions described above.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in consolidated profit or loss as incurred.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(i) in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

(ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously

in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement

The Group measures its financial assets at FVTPL at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Contingent consideration payable is measured at fair value, with changes in fair value arising on remeasurement recognised directly in consolidated profit or loss in the period in which they arise.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors of the Company have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

Judgements

In the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Financial guarantee contracts

The Company has provided financial guarantees on behalf of Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("**Suzhou First Pharma**") and its subsidiaries for their bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 (note 28) and RMB58,030,000 (note 28).

As disclosed in note 35, Suzhou First Pharma was under the Debt Restructuring which is subject to several auctions on the remaining assets held to repay the amounts due to its creditors. The management considers the Company might be liable on the guaranteed bank and other borrowings.

As at 31 December 2024, financial guarantee contracts have been recognised amounting to approximately RMB177,008,000 (2023: RMB170,713,000). Details of financial guarantee contracts are set out in note 28 to the consolidated financial statements.

Transfer of interest in an associate to financial asset at fair value through profit or loss

Since 23 April 2021, the Group has subscribed certain equity interest in Beijing Kangchen (defined in note 18) and recorded as interest in an associate under equity method since the initial recognition. As at 31 December 2023, the Group held 25.3% equity interest in Beijing Kangchen, with carrying amount of approximately HK$312,960,000.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES (Continued)

Transfer of interest in an associate to financial asset at fair value through profit or loss (Continued)

On 15 July 2024, in consideration of the Group's liquidity situation and long outstanding debt owed to a lender with outstanding principal amount and accrued interest of approximately HK$234,000,000 and HK$107,240,000, respectively, as at that date ("**Lender**"), the Group has entered into a charge agreement with the Lender, to pledge the shares of a wholly-owned subsidiary of the Company, which directly held 25.3% equity interest in Beijing Kangchen. On 30 November 2024, the Group has entered into a supplemental agreement with the Lender, pursuant to which, the Group and the Lender agreed and confirmed that, the Group relinquishes its entitlement to designate a director in favor of the Lender, thereby the Lender can nominate a director to Beijing Kangchen to represent the Lender for the sake of monitoring the assets of its collateral.

In addition, legal opinion issued by an independent lawyer registered in the PRC, has been obtained by the directors to confirm that the Company has lost its power to participate in the board of Beijing Kangchen, as well as any financial and operating policy decisions of Beijing Kangchen since 30 November 2024.

Given above and based on the actual business circumstances, the directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen. Consequently, Beijing Kangchen has been reclassified as financial assets at fair value through profit and loss with effect from 30 November 2024.

5. 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 provision of agency services for sales of proprietary pharmaceutical products and provision of digital services for medical promotion of bone health through subsidiaries of the Company after the date of deconsolidation of the subsidiaries constituting the discontinued operations of the Group in 2023 (see note 35). 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 in its continuing operations in the year ended 31 December 2024 are regarded as two operating and reportable segments, namely digital services and sales agency service (2023: one operating and reportable segment for its continuing operations as sales agency service).

The Group's operations in relation to the sales of proprietary pharmaceutical products are presented as discontinued operations in the consolidated statement of profit or loss for the years ended 31 December 2024 and 2023. The segment results below do not include any amounts from these discontinued operations which are separately disclosed in Note 35.

5. SEGMENT INFORMATION AND REVENUE (Continued)

	2024 RMB'000	2023 RMB'000
Sales agency fee income	**374**	7,366
Digital services income	**37,586**	–
	37,960	7,366

Segment revenue and results

The following is an analysis of the Group's revenue from continuing operations and results by reportable segments for the year ended 31 December 2024. No analysis of the Group's revenue from continuing operations and results by reportable segment for the year ended 31 December 2023 as the Group operated with only one reportable segment during that year.

For the year ended 31 December 2024

	Sales agency fee income RMB'000	Digital services income RMB'000	Total RMB'000
Segment revenue	**374**	**37,586**	**37,960**
Segment profit	**207**	**4,788**	**4,995**
Other income and gain			**272**
Other losses			**(6,295)**
Share of results of an associate			**10,244**
Loss on deconsolidation of subsidiaries			**(7,009)**
Loss on fair value changes upon transfer of interest in an associate to financial asset at fair value through profit or loss			**(29,485)**
Change in fair value of financial asset at fair value through profit or loss			**23,563**
Finance costs			**(31,544)**
Unallocated general and administrative expenses (Note)			**(18,221)**
Loss before income tax			**(53,480)**

Note: Unallocated general and administrative expenses mainly included staff salaries, directors' remuneration, depreciation of property, plant and equipment and right-of-use assets for the year ended 31 December 2024.

5. SEGMENT INFORMATION AND REVENUE (Continued)

Geographical information

The Group's revenue from continuing operations from external customers was derived solely from its operations in the PRC, while the Group's non-current assets (excluding interests in associates and financial asset at FVTPL) is presented based on the location of assets as follows:

	2024 RMB'000	2023 RMB'000
At 31 December		
Non-current assets		
The PRC	598	2,675
Hong Kong	10	624
	608	3,299

Information about major customers

Continuing operations

Revenue from customers, which individually contributed over 10% of the total revenue from continuing operations of the Group during the year, is as follows:

	2024 RMB'000	2023 RMB'000
Customer A	–	7,366
Customer B	36,247	–

	2024 RMB'000	2023 RMB'000
Revenue from continuing operations from contracts with customers within the scope of HKFRS 15		
Sales agency fee income	374	7,366
Digital services income	37,586	–
	37,960	7,366

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 underlying goods in the sales transactions in which the Group acts as agent. In relation to digital services income, revenue is recognised when the customer has received the services rendered 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.

6. OTHER INCOME AND GAIN

	2024 RMB'000	2023 RMB'000
Continuing operations		
Bank interest income	11	9
Fair value gain on contingent consideration payable (note 25)	–	2,054
Gain on disposal of property, plant and equipment	–	19
Gain on early termination of lease	29	–
Sundry income	232	264
	272	2,346

7. OTHER LOSSES

	2024 RMB'000	2023 RMB'000
Continuing operations		
Loss allowance in respect of financial guarantee contracts (Note)	6,295	–

Note: During the year ended 31 December 2023, financial guarantee contracts of approximately RMB170,713,000 were recognised and included in the determination of the loss on Debt Restructuring from discontinued operations, which are separately disclosed in Note 35.

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest on other borrowings#	**31,504**	28,677
Interest on lease liabilities (note 15)	**40**	141
	31,544	28,818

During the year ended 31 December 2024, the amounts include the default interest at rates ranging from 6.00% to 36.00% (2023: 18.00% to 36.00%) per annum accrued on the overdue outstanding balance in accordance with the corresponding loan agreements.

9. LOSS BEFORE INCOME TAX

Loss before income tax from continuing operations is arrived at after charging:

	Notes	**2024 RMB'000**	2023 RMB'000
Cost of services			
– Health promotion and video making expense		**32,700**	–
Depreciation on right-of-use assets (note (i))	15	**612**	878
Depreciation on property, plant and equipment (note (i))	15	**48**	6
Amortisation of intangible assets (note (i))	16	**–**	329
Loss on written off on property, plant and equipment		**121**	–
Employee benefit expenses (including directors remuneration (note 11) (note (ii)):			
– Salaries, wages and other benefits		**5,538**	3,504
– Contributions to defined contribution retirement plans		**572**	95
Share-based payment to the Consultants included in general and administrative expenses	30(ii)	**–**	37,709
Auditor's remuneration			
– audit services		**923**	1,466
Short-term lease expenses		**11**	–
Foreign exchange differences, net		**258**	39

Notes:

(i) The total depreciation and amortisation of approximately RMB660,000 (2023: RMB1,213,000) are included in general and administrative expenses.

(ii) Employee benefit expenses (including directors' remuneration) of approximately RMB6,110,000 (2023: RMB3,599,000) are included in and general and administrative expenses.

(iii) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2023: Nil).

10. INCOME TAX (CREDIT)/EXPENSE

	2024 RMB'000	2023 RMB'000
Continuing operations		
Current tax		
– Hong Kong Profit Tax		
– Provision for the year	**–**	122
– Over-provision in respect of prior years	**(123)**	–
	(123)	122

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax under these jurisdictions during the year ended 31 December 2024 (2023: Nil).

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% (2023: 8.25%), and profits above HK$2,000,000 will be taxed at 16.5% (2023: 16.5%). The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%) for the year ended 31 December 2024.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2023: 8.25%) of the first HK$2,000,000 of the estimated assessable profits and at 16.5% (2023: 16.5%) on the estimated profits above HK$2,000,000, taking into account the tax concession granted by the Government of Hong Kong Special Administrative Region during the year ended 31 December 2024.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for the year ended 31 December 2024. No provision for Hong Kong Profits Tax has been made, as the Group did not have any estimated assessable profits subject to Hong Kong Profits Tax during the year (2023: Nil).

The PRC Corporate Income Tax has been provided at the rate of 25% (2023: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2024.

10. INCOME TAX (CREDIT)/EXPENSE (Continued)

The income tax (credit)/expense for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Loss before income tax	(53,480)	(33,369)
Tax at domestic income tax rate	(1,695)	(3,749)
Tax effect of income not taxable for tax purpose	(722)	(11,800)
Tax effect of expenses not deductible for tax purpose	1,760	3
Tax effect of tax losses not recognised	862	15,790
Tax effect of tax losses utilised	(205)	–
Over-provision in respect of prior years	(123)	–
Concession	–	(122)
	(123)	122

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive directors						
Mr. Ng Tit	–	899	–	–	–	899
Ms. Ng Anna Ching Mei (note (i))	–	625	–	–	–	625
Ms. Chin Yu (note (ii))	–	–	–	–	–	–
Non-executive directors						
Dr. Qian Wei	–	–	–	–	–	–
Ms. Chin Yu (note (ii))	–	–	–	–	–	–
Independent non-executive directors						
Mr. Yu Tze Shan Hailson	138	–	–	–	–	138
Dr. Zhao Yubiao	138	–	–	–	–	138
Mr. Ng Ming Kwan (note (iii))	138	–	–	–	–	138
Total	414	1,524	–	–	–	1,938

11. DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 December 2023

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
Executive directors						
Mr. Ng Tit	–	1,653	–	16	–	1,669
Ms. Chin Yu	138	–	–	–	–	138
Non-executive directors						
Dr. Qian Wei	–	–	–	–	–	–
Independent non-executive directors						
Mr. Pan Fei (note (iv))	10	–	–	–	–	10
Mr. Yu Tze Shan Hailson	138	–	–	–	–	138
Dr. Zhao Yubiao	138	–	–	–	–	138
Mr. Ng Ming Kwan (note (iii))	138	–	–	–	–	138
Total	562	1,653	–	16	–	2,231

The executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company and the Group while the non-executive and independent non-executive directors' remuneration shown above were for their services as directors of the Company.

Except as described in note (ii) below, none of the directors has waived or agreed to waive any remuneration during the year (2023: Nil).

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

Notes:

(i) Ms. Ng Anna Ching Mei was appointed as an executive director on 15 January 2024.

(ii) Ms. Chin Yu was re-designated from an executive director to a non-executive director on 15 January 2024, with nil director's fee or remuneration for her services as non-executive director. During the year, Ms. Chin Yu agreed to waive the remuneration for her service as an executive director from 1 January 2024 to 15 January 2024 amounting to RMB5,770.

(iii) Mr. Ng Ming Kwan was appointed as an independent non-executive director on 19 January 2023.

(iv) Mr. Pan Fei resigned as an independent non-executive director on 19 January 2023.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2023: two directors), details of whose remuneration are set out in Note 11 above. Details of the remuneration of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	**1,485**	832
Contributions to retirement benefits schemes	**44**	33
	1,529	865

The emoluments of the other three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 Number of Individuals	2023 Number of Individuals
Nil to HK$1,000,000	**3**	3

During the year ended 31 December 2024, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

14. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Loss		
Loss for the year from continuing operations attributable to the owners of the Company	**(53,357)**	(33,491)
Loss for the year from discontinued operations attributable to the owners of the Company	–	(110,099)
Loss for the year for the purposes of basic and diluted loss per share from continuing and discontinued operations	**(53,357)**	(143,590)

Weighted average number of ordinary shares

	2024 Number of shares '000	2023 Number of shares '000 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**264,090**	238,522

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options which had an anti-dilutive effect. Accordingly, diluted loss per share figures were the same as the basic loss per share figures for the years ended 31 December 2024 and 2023.

The weighted average number of ordinary shares used in the computation of basic and diluted loss per share for 2024 and 2023 have been retrospectively adjusted to reflect the share consolidation on the basis of every ten (10) issued and unissued shares of US$0.00000008 each into one (1) consolidated share of US$0.0000008 each pursuant to the proposal set out by the directors of the Company on 14 May 2024, details of which are set out in note 30(iv).

15. PROPERTY, PLANT AND EQUIPMENT, INCLUDING INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE

	Property, plant and equipment									
	Buildings held for own use	Property and motor vehicle leased for own use	Plant and Machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Sub-total	Interest in leasehold lands held for own use	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost or valuation#:										
At 1 January 2023	363,030	2,001	73,666	9,730	8,824	4,778	5,831	467,860	115,998	583,858
Additions	–	535	1,937	–	–	–	8,796	11,268	–	11,268
Scrapped	–	–	–	(263)	(834)	(2,203)	–	(3,300)	–	(3,300)
Disposals	–	–	–	–	–	(1,401)	–	(1,401)	–	(1,401)
Derecognised upon the Debt Restructuring (note 35)	(363,030)	(335)	(74,977)	(463)	(4,173)	(438)	(14,627)	(458,043)	(115,998)	(574,041)
Disposal of subsidiaries (note 36)	–	–	(497)	(9,012)	(3,802)	(798)	–	(14,109)	–	(14,109)
Exchange realignment	–	49	–	8	19	62	–	138	–	138
At 31 December 2023 and 1 January 2024	–	2,250	129	–	34	–	–	2,413	–	2,413
Additions	–	630	–	156	22	–	–	808	–	808
Lease termination	–	(2,257)	–	–	–	–	–	(2,257)	–	(2,257)
Derecognised upon deconsolidation of subsidiaries (note 37)	–	–	(129)	–	(34)	–	–	(163)	–	(163)
Written off	–	–	–	(156)	–	–	–	(156)	–	(156)
Exchange realignment	–	7	–	–	–	–	–	7	–	7
At 31 December 2024	–	630	–	–	22	–	–	652	–	652

15. PROPERTY, PLANT AND EQUIPMENT, INCLUDING INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE (Continued)

	Property, plant and equipment									
	Buildings held for own use	Property and motor vehicle leased for own use	Plant and Machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Sub-total	Interest in leasehold lands held for own use	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation:										
At 1 January 2023	–	640	64,355	9,730	8,824	4,592	–	88,141	–	88,141
Charge for the year	–	976	3,800	–	3	–	–	4,779	–	4,779
Derecognised upon the Debt Restructuring (note 35)	–	(321)	(67,565)	(463)	(4,173)	(438)	–	(72,960)	–	(72,960)
Disposal of subsidiaries (note 36)	–	–	(461)	(9,012)	(3,722)	(749)	–	(13,944)	–	(13,944)
Written back upon scrapped	–	–	–	(263)	(834)	(2,189)	–	(3,286)	–	(3,286)
Written back on disposal	–	–	–	–	–	(1,261)	–	(1,261)	–	(1,261)
Exchange realignment	–	15	–	8	(68)	45	–	–	–	–
At 31 December 2023 and 1 January 2024	–	1,310	129	–	30	–	–	1,469	–	1,469
Charge for the year	–	612	–	35	13	–	–	660	–	660
Written back on lease termination	–	(1,831)	–	–	–	–	–	(1,831)	–	(1,831)
Derecognised upon deconsolidation of subsidiaries (note 37)	–	–	(129)	–	(31)	–	–	(160)	–	(160)
Written back upon written off	–	–	–	(35)	–	–	–	(35)	–	(35)
Exchange realignment	–	5	–	–	1	–	–	6	–	6
At 31 December 2024	–	96	–	–	13	–	–	109	–	109
Net book value:										
At 31 December 2024	–	534	–	–	9	–	–	543	–	543
At 31 December 2023	–	940	–	–	4	–	–	944	–	944

The "Buildings held for own use" were carried on a valuation basis. All other classes of property, plant and equipment of the Group are carried on historical cost basis.

15. PROPERTY, PLANT AND EQUIPMENT, INCLUDING INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE (Continued)

Right-of-use assets (included in the property, plant and equipment)

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	2024 RMB'000	2023 RMB'000
Properties and motor vehicle leased for own use, carried at cost less depreciation and impairment (note)	**534**	940

Note: As at 31 December 2024, the Group leased an office and a motor vehicle (2023: several offices) for its operations. Lease contracts are entered into for fixed terms of 1.6 to 3 years (2023: 2 to 3.6 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes. None of the leases have extension or termination option as at 31 December 2024 (2023: Nil).

The analysis of expense items in relation to leases recognised in the consolidated profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset		
– Properties and motor vehicle leased for own use (note 9)	**612**	878
Short-term lease expenses (note 9)	**11**	–
Interest expenses on lease liabilities (note 8)	**40**	141

Details of total cash outflows for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 34 and 42(b), respectively.

16. INTANGIBLE ASSETS

	Intellectual Property Rights (note (a)) RMB'000	Trade-Marks RMB'000	New medicine protection rights RMB'000	Club memberships (note (c)) RMB'000	Computer Software RMB'000	Exclusive agency rights (note (b)) RMB'000	Product development in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2023	131,425	7,283	9,330	1,428	9,917	50,000	147,400	356,783
Derecognised upon the Debt Restructuring (note 35)	(131,425)	(7,283)	(9,330)	–	(4,697)	(50,000)	(147,400)	(350,135)
Disposal of subsidiaries (note 36)	–	–	–	(1,279)	(5,220)	–	–	(6,499)
Exchange realignment	–	–	–	46	–	–	–	46
At 31 December 2023 and 1 January 2024	–	–	–	195	–	–	–	195
Derecognised upon deconsolidation of subsidiaries (note 37)	–	–	–	(196)	–	–	–	(196)
Exchange realignment	–	–	–	1	–	–	–	1
At 31 December 2024	–	–	–	–	–	–	–	–
Accumulated amortisation and impairment:								
At 1 January 2023	122,241	7,283	9,330	–	8,944	50,000	–	197,798
Charge for the year	773	–	–	–	329	–	–	1,102
Derecognised upon the Debt Restructuring (note 35)	(123,014)	(7,283)	(9,330)	–	(4,697)	(50,000)	–	(194,324)
Disposal of subsidiaries (note 36)	–	–	–	–	(4,576)	–	–	(4,576)
At 31 December 2023, 1 January 2024 and 31 December 2024	–	–	–	–	–	–	–	–
Net book value:								
At 31 December 2024	–	–	–	–	–	–	–	–
At 31 December 2023	–	–	–	195	–	–	–	195

16. INTANGIBLE ASSETS (Continued)

Notes:

(a) Intellectual property rights and products development in progress

Intellectual property rights represent patents, know-how and trademarks in relation to Xi Di Ke. Xi Di Ke is the commercial name of an uroacitides injection formula and a unique national class 1 new drug approved by the National Medical Products Administration ("**NMPA**") for the treatment of non-small cell lung cancer and breast cancer. An added indication of Xi Di Ke is for treating myelodysplastic syndrome ("**MDS of Xi Di Ke**") which is in clinical trial phase II.

At 31 December 2022, costs of Xi Di Ke amounted to approximately RMB38,542,000 of which approximately RMB14,580,000, RMB3,000,000 and RMB20,962,000 were respectively related to the patents for drug use in treating non-small cell cancer and breast cancer, know-hows for MDS and trademarks of Xi Di Ke that were acquired by the Group in 2013.

The capitalised costs of know-hows in respect of product development in progress relating to MDS of Xi Di Ke was incurred in 2019 and the MDS of Xi Di Ke were subject to further testing completion of clinical trial III before it is launched by the Group in the future.

During the year ended 31 December 2023, the intellectual property rights and products development in progress had been derecognised as mentioned in note 35.

(b) Exclusive agency rights

Exclusive agency rights represent agency fees of approximately RMB30,000,000 and RMB20,000,000 prepaid to suppliers to secure the PRC distribution rights of 10 years and 4 years for two pharmaceutical products, respectively. These exclusive agency rights were amortised on a straight-line basis over their respective useful lives, being the period of agency rights. By the end of 2012, the Group decided to terminate an herbal dermatological product as a consequence of surging raw materials cost and relinquished the exclusive agency right. A full impairment loss of approximately RMB17,000,000 was provided accordingly for the remaining book value of the exclusive agency right, in the previous years.

During the year ended 31 December 2023, the exclusive agency rights had been derecognised as mentioned in note 35.

(c) Club memberships

Club memberships represent the rights to use the club facilities over an indefinite period of time. Accordingly, no amortisation has been charged to consolidated profit or loss during the years ended 31 December 2024 and 2023.

The management of the Company considered that no impairment indicators for the club memberships for which the estimated fair value less cost of disposal exceeded the carrying amounts as at 31 December 2023.

During the year ended 31 December 2024, the club memberships have been derecognised as mentioned in note 37.

17. GOODWILL

Goodwill of RMB1,250,000 arose in the year 2021 upon the business acquisitions of NT (Beijing) Pharma Technology Development Co., Ltd. (泰凌(北京)醫藥科技開發有限公司) ("**NT (BJ) Pharma Technology**") and NT Tongzhou Pharma (Shanghai) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) ("**NT Tongzhou Pharma (SH)**") as expected synergy at acquisition date, and was allocated to the vaccine promotion and sales business segment, which was subsequently discontinued in 2012. Full impairment for goodwill was therefore made during the year ended 31 December 2012.

During the year ended 31 December 2023, the goodwill attributable to the acquisitions of NT (BJ) Pharma Technology and NT Tongzhou Pharma (SH) were deconsolidated in the Group's consolidated financial statements following the Debt Restructuring and the disposal of subsidiaries as disclosed in notes 35 and 36.

18. INTEREST IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	–	312,960
Amount due to an associate (included in trade and other payables)	–	(2,000)

Details of the Group's interest in an associate as at 31 December 2023, which were accounted for using equity method in the consolidated financial statements until the date of reclassification of the Group's interests to financial asset at FVTPL, i.e. 30 November 2024 (note (b)), are as follows:

Name of company	Form of business structure	Place of incorporation/ Principal place of operation	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Taizhou Medical City Yingtai Pharmaceutical Co., Ltd. 泰州醫藥城盈泰醫藥有限公司 ("**Yingtai Pharm**")* (note (a))	Incorporated limited liability company	The PRC	RMB100,000,000	– (2023: –)	– (2023: –)	– (2023: –)	Sales of prescription Medicines and provision of consulting services
Beijing Kangchen Biological Technology Co., Limited (北京康辰生物科技有限公司) ("**Beijing Kangchen**") * (note (b))	Incorporated limited liability company	The PRC	RMB100,000,000	– (2023: 25.3%)	– (2023: –)	– (2023: 25.3%)	Sales of prescription medicines and provision of consulting services

The English translation of the company names is for reference only. The official names of these entities are in Chinese.

* Yingtai Pharm and Beijing Kangchen are unlisted corporate entities whose shares do not have quoted market prices.

18. INTEREST IN AN ASSOCIATE (Continued)

Notes:

(a) On 18 September 2016, the Group entered into an investment agreement with an independent third party, namely Taizhou Medical City Ying Trading Co., Ltd. (泰州醫藥城盈商貿有限公司) ("**Taizhou Medical City**"), pursuant to which, the Group and Taizhou Medical City agreed to establish a company, Yingtai Pharm, which has registered capital of RMB100,000,000. The Group and Taizhou Medical City contributed RMB40,000,000 and RMB60,000,000 to Yingtai Pharm in which the Group and Taizhou Medical City owned 40% and 60%, respectively. Since the Group had the power to appoint two directors out of five directors of the board of Yingtai Pharm, the Group could exercise significant influence over its operating and financial activities, accordingly, it was regarded as an associate of the Group and accounted for using the equity accounting method. The Group injected capital of RMB12,000,000 and RMB8,000,000 to Yingtai Pharm in 2016 and 2017 respectively.

Following the disposal of subsidiaries as disclosed in note 36, the interest in the associate which was held by Farbo Investment Limited was derecognised in the Group's consolidated financial statements on 19 December 2023.

(b) On 21 April 2020, the Group and Beijing Konruns Pharmaceutical Co., Ltd ("**Beijing Konruns**"), an independent third party to the Group entered into an agreement, pursuant to which, the Group conditionally agreed to subscribe for 40% equity interest in Beijing Kangchen (the wholly-owned subsidiary of Beijing Konruns) at a consideration of RMB360,000,000. The transaction was completed on 23 April 2021. Beijing Kangchen held 100% equity interest of NT Pharma International Company Limited since 3 September 2020 (see Note 25). On 4 November 2021, the Group transferred 13.7% equity interest in Beijing Kangchen to Beijing Konruns. During the year ended 31 December 2022, the Group disposed of 1% equity interest in Beijing Kangchen to an independent third party.

On 15 July 2024, in consideration of the Group's liquidity situation and long outstanding debt owed to a lender with outstanding principal amount and accrued interest of approximately HK$234,000,000 and HK$107,240,000, respectively as at that date ("**Lender**"), the Group has entered into a charge agreement with the Lender, to pledge the shares of a wholly-owned subsidiary of the Company, which directly held 25.3% equity interest in Beijing Kangchen. On 30 November 2024, the Group has entered into a supplemental agreement with the Lender, pursuant to which, the Group and the Lender agreed and confirmed that, the Group relinquishes its entitlement to designate a director in favor of the Lender, thereby the Lender can nominate a director to Beijing Kangchen to represent the Lender for the sake of monitoring the assets of its collateral.

In addition, legal opinion issued by an independent lawyer registered in the PRC, has been obtained by the directors of the Company to confirm that the Group has lost its power to participate in the board of Beijing Kangchen, as well as any financial and operating policy decisions for Beijing Kangchen since 30 November 2024.

Given the above and based on the actual business circumstances, the directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen on and after 30 November 2024. Consequently, Beijing Kangchen has been derecognised as an associate of the Group and reclassified as financial asset at fair value through profit and loss with effect from 30 November 2024.

18. INTEREST IN AN ASSOCIATE (Continued)

Notes: (Continued)

(c) Summarised financial information of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

Yingtai Pharm

	As at 19 December 2023 (Date of disposal of subsidiaries) RMB'000
Gross amounts of the associate's	
Current assets	2,730
Current liabilities	–
Total equity	2,730
Reconciliation to the Group's interest in an associate	
Carrying amount of net assets of the associate	2,730
Percentage of equity interest attributable to the Group	40%
Group's share of net assets of the associate	1,092
Carrying amount in the consolidated financial statements	1,092

	Period from 1 January 2023 to 19 December 2023 (Date of disposal of subsidiaries) RMB'000
Revenue	–
Loss for the year	(35)
Total comprehensive loss	(35)
Percentage of equity interest attributable to the Group	40%
Group's share of:	
– the associate's loss for the year	(14)
– the associate's total comprehensive loss	(14)
Share of results of the associate	(14)

18. INTEREST IN AN ASSOCIATE (Continued)

Notes: (Continued)

(c) Summarised financial information of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: (Continued)

Beijing Kangchen

	As at 30 November 2024 (date of transfer to financial asset at FVTPL) RMB'000	As at 31 December 2023 RMB'000
Gross amounts of the associate's		
Non-current assets	**1,183,415**	1,147,995
Current assets	**285,012**	295,655
Non-current liabilities	**(1,571)**	–
Current liabilities	**(189,370)**	(206,658)
Total equity	**1,277,486**	1,236,992
Revenue	**185,808**	304,258
Profit for the year	**40,494**	146,453
Total comprehensive income	**40,494**	146,453
Reconciliation to the Group's interest in the associate		
Carrying amount of net assets of the associate	**1,277,486**	1,236,992
Percentage of equity interest attributable to the Group	**25.3%**	25.3%
Group's share of net assets of the associate	**323,204**	312,960
Carrying amount in the consolidated financial statements	**–**	312,960
Group's share of:		
– the associate's profit for the 11 months ended 30 November 2024/year	**10,244**	37,053
– the associate's total comprehensive income	**10,244**	37,053
Share of results of the associate	**10,244**	37,053
Fair value of the associate as at date of transfer	**293,719**	N/A
Loss on reclassification of Group's interests in associate to financial asset at fair value through profit or loss	**29,485**	N/A

19. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted equity investment (note(a))	317,282	–
Club debenture (note(b))	–	586
	317,282	586

Notes:

(a) The directors of the Company have determined that the Group no longer exercises any significant influence over the operating and financial activities of Beijing Kangchen since 30 November 2024, and the Group's interest in Beijing Kangchen has been reclassified from interests in an associate to financial asset at fair value through profit or loss, details are set out in note 18.

	2024 RMB'000	2023 RMB'000
Transfer from interest in an associate measured at fair value upon transfer	293,719	–
Changes in fair value	23,563	–
At 31 December	317,282	–

(b) As at 31 December 2023, the club debenture held by the Group was stated at fair value. The club debenture was interest-free and had no restriction to transfer.

The fair value of the club debenture was determined with reference to the recent similar market transactions around/or at the reporting period end and the cost of disposal was estimated by the management of the Company after taking into account of the handling charges to be charged by the club and other transaction costs in disposal of the club debenture.

	2024 RMB'000	2023 RMB'000
At 1 January	586	569
Derecognised upon deconsolidation of subsidiaries (note 37)	(589)	–
Exchange realignment	3	17
At 31 December	–	586

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Finished goods	168	–

21. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables, net	–	10,052
Deposits, prepayments and other receivables (note (c))	6,459	2,865
	6,459	12,917
Less: non-current portion prepayments and deposits	(65)	(2,160)
	6,394	10,757

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

Ageing analysis of trade receivables, net of ECL allowances, based on the invoice dates, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	–	–
More than 3 months but within 6 months	–	10,052
	–	10,052

The Group's trading terms with its customers are mainly on credit, the credit period granted is based on the historical trading and payment records of each customer, generally not more than six months. All the trade receivables outstanding as at 31 December 2023 have been settled during the year ended 31 December 2024.

Ageing analysis of trade receivables, net of ECL allowances, based on the past due dates, is as follows:

	2024 RMB'000	2023 RMB'000
Neither past due nor impaired	–	10,052

21. TRADE AND OTHER RECEIVABLES (Continued)

(b) Allowance for ECL on trade receivables

The movements in allowances for ECL on trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	–	8,454
Provision for allowance of ECL on trade receivables, net	–	1,663
Derecognised upon the Debt Restructuring (note 35)	–	(10,117)
At 31 December	–	–

Impairment losses on trade debtors were recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written-off against the trade debtors directly.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 34.

(c) Deposits, prepayments and other receivables

	2024 RMB'000	2023 RMB'000
VAT recoverable	63	–
Other receivables	19	546
Prepayments (note (i))	5,085	2,266
Rental and other deposits (note (ii))	1,292	53
	6,459	2,865

21. TRADE AND OTHER RECEIVABLES (Continued)

(c) Deposits, prepayments and other receivables (Continued)

Notes:

(i) As at 31 December 2024, the balance mainly included a prepayment of RMB5,000,000 for provision of the bone density test services to be provided by a service provider, which is an independent third party to the Group on 2 December 2024.

As at 31 December 2023, the balance mainly included a prepayment for acquiring a medication production license which a wholly-owned subsidiary of the Company has entered into a medication production agreement with a vendor, which is an independent third party to the Group (the "**Vendor**"), on 21 September 2023, pursuant to which the Vendor agreed to transfer a medication production license to the Group at a cash consideration of RMB3,600,000. During the year ended 31 December 2023, the Group paid 60% of the cash consideration (i.e. RMB2,160,000) to the Vendor, while the remaining balance of RMB1,440,000 would be payable when the Vendor obtained the permit to sale the medication on market from the relevant authority. The amount was disclosed under capital commitments as at 31 December 2023 in note 40. During the year ended 31 December 2024, the medication production agreement was terminated, resulting in a refund of the cash consideration amounting to RMB2,160,000 from the Vendor.

(ii) As at 31 December 2024, the balance mainly included other deposits of RMB976,000 for purchase of agency service rights of certain healthcare products.

The movements in the loss allowance for impairment of deposits, prepayments and other receivables.

	2024 **RMB'000**	2023 RMB'000
At 1 January	–	139,217
Provision for loss allowance for impairment, net	–	2,502
Disposal of subsidiaries	–	(141,565)
Exchange realignment	–	(154)
At 31 December	–	–

The remaining financial assets included in the above balances are neither past due nor impaired as at 31 December 2024 and 2023, for which there was no recent history of default. The recoverability was assessed with reference to credit status of the debtors and the ECL as at 31 December 2024 and 2023 are considered by the management of the Company to be minimal.

22. CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000
Cash at banks and in hand	9,623	1,520

Bank balances carry interest at floating rates based on daily deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, there was approximately RMB6,469,000 (2023: RMB353,000) deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Statement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currency through authorised banks to conduct foreign exchange business.

23. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (note (i))	498	974
Amount due to a former subsidiary (note (ii))	34,011	29,265
Accrued staff costs	2,425	1,555
Accrued directors' fee	3,350	2,862
Interest payables (note (iii))	125,976	101,721
Deposit received	1,500	–
Other payables and accruals (note (iv))	12,461	16,533
	180,221	152,910

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

23. TRADE AND OTHER PAYABLES (Continued)

Notes:

(i) Ageing analysis of trade payables based on the invoice dates is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	–	–
More than 3 months but within 6 months	–	–
More than 6 months but within 1 year	–	974
Over 1 year	498	–
	498	974

(ii) The amount due is unsecured, interest free and repayable on demand as at 31 December 2024 and 2023.

(iii) Included in interest payables is an amount of approximately RMB7,686,000 (2023: RMB1,169,000) that is arisen from other borrowings which were overdue as at 31 December 2024.

As at 31 December 2024, interest payable of approximately RMB118,020,000 (2023: RMB95,687,000) are arisen from borrowings from related parties, details are set out in note 41(d).

(iv) As at 31 December 2024, the balance mainly related to legal and professional fees amounted to approximately RMB11,284,000 (2023: RMB11,034,000) in relation to the legal advisory fee for the Group's restructuring, accrual of audit fee of approximately RMB959,000 (2023: RMB1,471,000) and the remaining were accrued operation expenses.

24. CONTRACT LIABILITIES

Contract liabilities arose from sales of proprietary products, as the Group received a deposit from certain customers when purchase orders were confirmed with the Group and before the products were delivered to the customers. Contract liabilities were expected to be recognised as revenue within one year in general.

	2024 **RMB'000**	2023 RMB'000
Advances received from customers	–	–

Movements in contract liabilities are as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	–	4,798
Revenue recognised under the discontinued operations that was included in the contract liabilities balance at the beginning of the year	–	(4,798)
Decrease in contract liabilities as a result of recognising revenue under the discontinued operations during the year that was initially included in the contract liabilities	–	(9,050)
Increase in contract liabilities as a result of receiving sales deposits during the year	–	10,892
Derecognised upon the Debt Restructuring	–	(1,842)
At 31 December	–	–

During the year ended 31 December 2023, the Group had applied the practical expedient in paragraph 121 of HKFRS 15 to its sales of proprietary pharmaceutical products such that information about revenue that the Group would be entitled to when it satisfied the remaining performance obligations that had an original expected duration of one year or less is not disclosed.

25. CONTINGENT CONSIDERATION PAYABLE

	2024 **RMB'000**	2023 RMB'000
At 1 January	–	2,054
Change in fair value (note 6)	–	(2,054)
At 31 December	–	–

The fair value of the contingent consideration payable is related to a profit guarantee given by the Group to Beijing Kangchen, to which the entire equity interests in NT Pharma International Company Limited was disposed of by the Group in September 2020, in respect of the profit after tax before interest, depreciation and amortisation of Miacalcic related business recognised in Beijing Kangchen's consolidated financial statements (the "**Adjusted Profit**") for the three financial years ended 31 December 2021, 2022 and 2023.

If the Adjusted Profit fails to meet the stipulated profit guarantee for any of these financial years, the Group shall compensate Beijing Kangchen, based on the terms of the relevant sale and purchase agreement dated 21 April 2020, as set out in a circular of the Company dated 5 June 2021.

The actual Adjusted Profit for the years ended 31 December 2021, 2022 and 2023 exceeded the stipulated amounts under the profit guarantee in accordance with the relevant sale and purchase agreement. Therefore, the fair value gain on contingent consideration payable of approximately RMB2,054,000 was recognised in the consolidated profit or loss during the year ended 31 December 2023 (note 6).

26. LEASE LIABILITIES

The carrying amounts of the Group's lease liabilities are as follows:

	Present value of minimum lease payment as at 31 December 2024	Minimum lease payment As at 31 December 2024	Present value of minimum lease payment as at 31 December 2023	Minimum lease payment As at 31 December 2023
Lease liabilities payable:				
Within 1 year	341	354	634	674
After 1 year but within 2 years	87	90	148	161
More than 2 years	38	38	234	241
	466	482	1,016	1,076
Less: Total future interest expenses		(16)		(60)
Present value of lease liabilities		466		1,016
Analysed into:				
Current portion		341		634
Non-current portion		125		382
		466		1,016
Analysed by:				
Leasehold property and motor vehicle		466		1,016

27. OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Current		
Secured other borrowings (note (a))	31,030	30,345
Unsecured other borrowings		
– Other borrowings (note (b))	324,457	293,259
– Corporate bonds (note (c))	12,008	17,104
	367,495	340,708
Non-current		
Unsecured other borrowings		
– Corporate bonds (note (c))	7,993	3,218
	375,488	343,926

Notes:

(a) Secured other borrowings

As at 31 December 2024, secured other borrowings carried fixed interest rates ranging from 20.00% to 24.00% (2023: 18.00% to 24.00%) per annum, were guaranteed by the Company and certain wholly-owned subsidiaries of the Company, and two executive directors of the Company, Mr. Ng Tit and Ms. Chin Yu.

As at 31 December 2024, no secured other borrowings was in default for repayment. As at 31 December 2023, one of the secured other borrowings with a carrying amount of RMB4,598,000 was in default for repayment and thereby subjected to fixed default rates of 18.00% per annum in accordance to the loan agreement.

(b) Unsecured other borrowings

As at 31 December 2024, unsecured other borrowings included; (i) several other borrowings with aggregated carrying amount of approximately RMB313,810,000, carried fixed interest rates ranged from 5.00% to 12.00% per annum and are repayable on demand; (ii) a borrowing with a carrying amount of RMB4,979,000 which was in default for repayment as at 31 December 2024, and is subject to fixed interest rates at 24.00% per annum with no specified default rate; and (iii) a borrowing with a carrying amount of RMB5,668,000 which was in default for repayment as at 31 December 2024 and is subject to fixed interest rates at 33.60% per annum and default rates of 6.00% per annum in accordance to the loan agreement.

As at 31 December 2023, unsecured other borrowings included; (i) a borrowing with carrying amount of approximately RMB7,172,000, carried fixed interest rate at 39.60% per annum and repayable in February 2024, the loan has been extended to August 2024 subsequent to 31 December 2023; and (ii) several other borrowings with aggregated carrying amount of approximately RMB286,087,000, carried fixed interest rates ranged from 5.00% to 24.00% per annum and are repayable on demand.

The weighted average interest rate of the unsecured other borrowings was 7.69% (2023: 7.63%) per annum.

Included in the unsecured other borrowings as at 31 December 2024 are borrowings of aggregate principal amount of approximately RMB313,810,000 (2023: RMB281,219,000) which were due to the related parties, details are set out in note 41(d).

27. OTHER BORROWINGS (Continued)

Notes: (Continued)

(c) The movement of corporate bonds recognised in the consolidated financial statements are as follows:

	6.0% corporate bonds due 2023	0.3% corporate bonds due 2023	5.0% corporate bonds due 2023	8.0% corporate bonds due 2023	12% corporate bonds due 2023	13.5% corporate bonds due 2023	20% corporate bonds due 2025	1.00% corporate bonds due 2026	Total
At 1 January 2023	16,152	12,730	5,281	4,253	1,737	1,316	–	–	41,469
Issuance during the year	–	–	–	–	–	–	–	3,218	3,218
Transaction costs	–	–	–	–	–	–	–	(472)	(472)
Interest charged	2,818	18	278	433	291	278	–	496	4,612
Interest paid	–	(7)	(278)	(433)	(221)	(253)	–	–	(1,192)
Interest payable included in trade and other payables (note 23)	(1,057)	(12)	–	–	(23)	–	–	(24)	(1,116)
Repayment during the year	(5,057)	(11,908)	(5,473)	(4,598)	(460)	(184)	–	–	(27,680)
Exchange realignment	477	375	192	345	55	39	–	–	1,483
At 31 December 2023 and 1 January 2024	13,333	1,196	–	–	1,379	1,196	–	3,218	20,322
Issuance during the year	–	–	–	–	–	–	–	4,616	4,616
Interest charged	737	(12)	–	–	166	174	19	52	1,136
Interest paid	–	–	–	–	(172)	(190)	–	(32)	(394)
Interest payable included in trade and other payables (note 23)	(737)	12	-	-	5	16	(19)	(20)	(743)
Repayment during the year	(3,295)	(1,201)	–	–	–	(720)	(166)	–	(5,382)
Transfer	–	–	–	–	–	(480)	480	–	–
Exchange realignment	240	5	–	–	32	4	6	159	446
At 31 December 2024	10,278	–	–	–	1,410	–	320	7,993	20,001

The Group's corporate bonds were denominated in HK$, with duration of one year to four years (2023: four months to four years) from the date subscribed.

As at 31 December 2024, certain corporate bonds with carrying amount of approximately RMB11,688,000 (2023: RMB17,104,000) were in default for repayment and all the bonds' holders are independent third parties of the Group.

28. FINANCIAL GUARANTEE CONTRACTS

According to the Debt Restructuring as disclosed in note 35, the Company has provided financial guarantees on behalf of a former wholly-owned subsidiary of the Company, Suzhou First Pharma and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 and RMB58,030,000 as at the date of completion date of transfer of shares of Suzhou First Pharma to the Investor (i.e. 1 August 2023 as disclosed in note 35).

Both lenders declared the unsettled balances to the 江蘇省蘇州工業園區人民法院 (the "**Court**") and the Court ruling approved the amounts to be approximately RMB383,156,000 and RMB60,789,000, respectively on 6 July 2023. According to the Debt Restructuring proposal approved by the Court, all creditors are subject to the repayment allocations following several auctions to sell the assets of Suzhou First Pharma and its subsidiaries, which will be carried out by the Administrator.

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

As at 31 December 2024 and 2023, the carrying amounts of the financial guarantee contracts represented the allowance for credit loss under the financial guarantee as at the respective financial year end dates, which were determined by the management of the Company based on the fair values of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

Up to the date of this report, the lenders have not taken any actions to claim against the Company in respect of these financial guarantees.

Below table shown the movement of the financial guarantee contracts:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**170,713**	–
Recognised upon completion of Debt Restructuring (note 35)	**–**	170,713
Provision of loss allowance for the year	**6,295**	–
At 31 December	**177,008**	170,713

The maximum exposure of financial guarantee contracts are set out in note 34.

29. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation surplus on leasehold lands and buildings RMB'000
At 1 January 2023	77,220
Derecognised upon the Debt Restructuring (note 35)	(77,220)
At 31 December 2023, 1 January 2024 and 31 December 2024	–

Deferred tax assets not recognised

As at 31 December 2024, the Group had unused tax losses of approximately RMB193,000 (2023: RMB1,806,000) available to offset against future profits sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. Also, as at 31 December 2024, the Group had unused tax losses of approximately HK$45,000 (equivalent to approximately RMB43,000) (2023: HK$96,553,000 (equivalent to approximately RMB86,376,000)) available to offset against future profits sourced in Hong Kong. Such unused tax losses are subject to the approval of Hong Kong Inland Revenue Department and may be carried forward indefinitely. No deferred tax asset has been recognised for above-mentioned tax losses due to unpredictability of future profit streams.

Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable.

As at 31 December 2024 and 2023, the Group's PRC subsidiaries did not have any undistributed profits which are subject to the PRC withholding tax.

30. SHARE CAPITAL

Details of movements of share capital of the Company during the years ended 31 December 2024 and 2023 are as follows:

	No of Shares '000	RMB'000
Ordinary shares, issued and fully paid:		
At 1 January 2023	1,904,636	1
Issuance of shares to the Consultants (note (ii))	473,186	–*
Placing of shares (note (iii))	263,073	–*
At 31 December 2023 and 1 January 2024	**2,640,895**	**1**
Share consolidation (note (iv))	**(2,376,805)**	**–**
At 31 December 2024	**264,090**	**1**

* Amount less than RMB1,000

Notes:

(i) The Company was incorporated on 1 March 2010 with an authorised share capital of United States dollar ("**US$**") 50,100 divided into 626,250,000,000 shares of US$0.00000008 each and one share was issued at par upon incorporation.

On 5 June 2017, the authorised share capital of the Company was re-designated from US$50,100 comprising 626,250,000,000 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.

(ii) During the year ended 31 December 2023, the Company had entered into two consultancy agreements (the "**Consultancy Agreements**") with two individuals (the "**Consultants**") who were independent third parties to the Group, pursuant to which the Consultants would be leading the research and development of a technology, namely monoclonal antibody i.e. Orticumab for treatment of atherosclerotic cardiovascular diseases, psoriasis, rheumatoid arthritis, systemic lupus erythematosus and calcified aortic valve diseases and they would also be leading the submission of the clinical application of monoclonal antibody with the relevant regulatory authorities.

In exchange for the consultation services, the Company agreed to issue and allot 463,722,859 and 9,463,732 shares of the Company (the "**Share Consideration**") to the Consultants. On 21 February 2023, the Share Considerations were issued to the consultants, pursuant to the Consultancy Agreements, the Share Consideration was subject to restriction periods to sell, transfer, pledge or otherwise dispose of, directly or indirectly, which two-thirds of the shares is subject to 12-month lock-up period (the "**First Lock-up Period**") from the date of issuance the shares. And the one-third of shares were subject to 12-month lock-up period from the expiry date of the First Lock-Up Period (the "**Second Lock-up Period**"). There was no vesting period for the Share Consideration.

As a result, share-based payments to the Consultants of approximately RMB37,709,000 based on the fair value of the shares of the Company as at the date of issuance were recognised in consolidated profit or loss (note 9) and credited to share premium during the year ended 31 December 2023.

Details of the above were set out in the Company's announcements dated 17 May 2022, 14 June 2022, 21 June 2022, 22 August 2022 and 13 September 2022.

30. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) Pursuant to the Company's announcement dated on 1 September 2023, at the same date, the Company entered into a placing agreement (the "**Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 475,569,000 placing shares (the "**Placing Shares**") at the placing price of HK$0.05 (the "**Placing Price**") per Placing Share to not less than six placees who are professional institutional, or other investors and whose ultimate beneficial owners who are not connected person of the Company.

The Placing Shares represented approximately (a) 20.00% of the issued share capital of the Company as at 1 September 2023; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Price per Placing Share represented (i) a discount of approximately 13.8% to the closing price of HK$0.058 per Share as quoted on the Stock Exchange on 31 August 2023, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 12.3% to the average of the closing price of HK$0.057 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of Placing Agreement.

The Placing Shares were allotted and issued under the general mandate granted to the directors of the Company by the shareholders at the annual general meeting held on 30 June 2023.

Pursuant to the Company's announcement dated 21 September 2023, all the conditions set out in the Placing Agreement had been fulfilled and completion of the placing took place on 21 September 2023. An aggregate of 263,073,000 Placing Shares were placed by the Placing Agent to not less than six places at the Placing Price per Placing Share pursuant to the terms and conditions of the Placing Agreement dated 1 September 2023 entered into between the Company and the Placing Agent.

The net proceeds from the placing were approximately HK$10,254,000 (equivalent to approximately RMB9,393,000), representing a net issue price of approximately HK$0.0457 per Placing Shares. The Company intended to apply the net proceeds of the placing as business development and general working capital of the Group.

Details of the above were set out in the Company's announcements dated 1 September 2023, 14 September 2023 and 21 September 2023.

(iv) On 14 May 2024, the directors of the Company proposed to implement a share consolidation on the basis that every ten (10) issued and unissued shares of US$0.00000008 each would be consolidated into one (1) consolidated share of US$0.0000008 each.

Pursuant to an ordinary resolution passed in an extraordinary general meeting of the Company on 28 June 2024, the share consolidation was approved by the shareholders of the Company and has become effective on 3 July 2024. Immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 2,640,895,000 to 264,089,500.

Details of the Share Consolidation were set out in the Company's announcements dated 14 May 2024 and 28 June 2024.

31. RESERVES

(i) Share premium

The share premium represents the difference between the nominal value of the shares of the Company and proceeds received from the issuance of shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of non-PRC entities. The reserve is dealt with in accordance with the accounting policy information set out in note 3.

31. RESERVES (Continued)

(iii) Statutory reserve

Pursuant to applicable PRC regulations, all PRC subsidiaries of the Group are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase the registered capital of the subsidiary.

(iv) Merger reserve

The merger reserve represents the difference between the net assets of the subsidiaries acquired in 2005, which were under common control of the controlling shareholders, and the cash consideration paid.

(v) Other reserve

The Company's other reserve arose from the transfer of the entire equity interest in NT Pharma (Group) Co., Ltd. from NT Pharma Holdings Company Limited ("NT Holdings") to the Company and acquisition of non-controlling interests in a wholly-owned subsidiary of the Company, Suzhou First Pharma.

The Group's other reserve arose from the capitalisation of the amount due to NT Holdings as a result of the reorganisation and represented the difference between the amount due to NT Holdings of RMB383,380,000 and the nominal value of the shares of the Company issued in exchange thereof.

During the year ended 31 December 2017, the Group declared final dividend of HK3.5 cents per ordinary share which amounted to approximately RMB56,709,000 were distributed from the other reserve and paid in 2018.

(vi) Capital reserve

At 31 December 2024 and 2023, the capital reserve comprised of the portion of the grant date fair value of unexercised share options to employees of the Group, that was recognised in accordance with the accounting policy information adopted for share-based payments as set out in note 3.

(vii) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for leasehold land and buildings held for own use in note 3, which represented cumulative gains and losses arising on the revaluation of the corresponding leasehold land and buildings that have been recognised in other comprehensive income. Such items will not be reclassified to consolidated profit or loss in subsequent periods.

32. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Share option schemes

A 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.

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 vested after one to three years from the date of grant are exercisable for a period of ten years following the date of grant.

32. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option schemes (Continued)

(a) The terms and conditions of the grants

Date	Number of Options granted	Vesting conditions	Exercise Period
Options granted to directors: – 15 January 2015	800,000	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
Options granted to employees: – 15 January 2015	120,000	Vesting of the option is conditional upon the performance of the participants. Fully vested in the third anniversary of the date of grant.	On or prior to 14 January 2025
Options granted to consultants (as quasi-employee): – 15 January 2015	900,000	Vesting of the option is conditional upon the performance of the participant. Fully vested in the third anniversary of the date of grant.	On or prior to 14 January 2025
	1,820,000		

32. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option schemes (Continued)

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

	2024		2023	
	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
Adjusted during the year (note)	**US$0.16**	**(18,180,000)**	–	–
Lapsed during the year	**US$1.56**	**(280,000)**	–	–
Outstanding at the end of the year	**US$1.56**	**1,740,000**	US$0.16	20,200,000
Exercisable at the end of the year	**US$1.56**	**1,740,000**	US$0.16	20,200,000

During the year ended 31 December 2024, 280,000 share options under 2014 Share Option Scheme has lapsed (2023: Nil), resulted in release from capital reserve directly to accumulated loss with amount of approximately RMB1,907,000 (2023: Nil).

The share options outstanding at 31 December 2024, which were granted under the 2014 Share Option Scheme, had exercise price of US$1.56 (2023: US$0.16) and weighted average remaining contractual life of 14 days (2023: 1.02 years).

Note:

On 14 May 2024, the directors of the Company proposed to implement a share consolidation on the basis that every ten (10) issued and unissued shares would be consolidated into one (1) consolidated share. Upon completion of the share consolidation on 3 July 2024, the number of options and exercise prices were adjusted accordingly, as disclosed in note 30(iv).

(c) Fair value of share options and assumptions

No share option was granted during the years ended 31 December 2024 and 2023.

33. FINANCIAL INSTRUMENTS BY CATEGORIES

	2024 RMB'000	2023 RMB'000
Financial assets		
At FVTPL	317,282	586
At amortised cost		
Trade and other receivables	1,311	10,651
Cash and bank balances	9,623	1,520
	328,216	12,757
Financial liabilities		
At amortised cost		
Trade and other payables	174,446	148,493
Lease liabilities	466	1,016
Other borrowings	375,488	343,926
	550,400	493,435
Financial guarantee contracts	177,008	170,713
	727,408	664,148

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group's principal financial instruments comprise financial assets at FVTPL, deposits, trade and other receivables, cash and bank balances, trade and other payables, lease liabilities and other borrowings. These financial instruments mainly arise from its operations. Details of the financial instruments are disclosed in respective notes.

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and financial guarantee contracts. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are the major banks in the PRC and Hong Kong with established credit ratings, for which the Group considers having low credit risk. Given the high credit ratings of the banks, management does not expect any counterparties to fail to meet its obligations.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2024, all trade receivables have been settled (2023: 100% of the total trade receivables were due from the Group's largest customer).

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB443,945,000 (2023: RMB443,945,000). At the end of the reporting period, the Directors have performed impairment assessment, and determined the loss allowance measured at an amount equal to lifetime ECL in respect of those financial guarantee contracts. Details of the financial guarantee contracts are set out in Note 28.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the reporting period. The amounts presented are net carrying amounts after provision for ECLs for financial assets.

Maximum exposure for financial assets and year-end staging as at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in deposits and other receivables	1,311	–	–	–	1,311
Bank balances	9,623	–	–	–	9,623
	10,934	–	–	–	10,934

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

Maximum exposure and year-end staging as at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	10,052	10,052
Financial assets included in deposits and other receivables	599	–	–	–	599
Bank balances	1,520	–	–	–	1,520
	2,119	–	–	10,052	12,171

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 210 days from the date of billing. The Group does not obtain collateral from its customers.

For trade receivables, the Group applies the simplified approach for measuring the lifetime ECLs on individual basis if the amounts are insignificant, or collective basis using the provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2024, all trade receivables have been settled.

The following table provides information about the Group's exposure to credit risk and lifetime ECLs for trade receivables (based on past due dates):

As at 31 December 2023

	ECL rate	Gross carrying amount RMB'000	ECL RMB'000	Net carrying amount RMB'000
Neither past due nor impaired	0.00%	10,052	–	10,052

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL-not credit-impaired	12-month ECL
Watch list	Debtor frequently repay in full after due dates but usually settle in full	Lifetime ECL-not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL-not credit-impaired	Lifetime ECL not credit-impaired
Loss	There is evidence indicating the asset is credit- impaired	Lifetime ECL-credit-impaired	Lifetime ECL credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

	Notes	Internal Credit rating	12m or lifetime ECL	Gross carrying amount	
				2024 RMB'000	2023 RMB'000
Financial assets at amortised costs					
Trade receivables	21	Low risk	Lifetime ECL	–	10,052
Other receivables and deposits	21	Low risk	12m ECL	1,311	599
Cash and bank balances	22	N/A	12m ECL	9,623	1,520
Financial guarantee contracts	28	Write-off	Lifetime ECL	443,945	443,945

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Credit risk (Continued)

As at 31 December 2024, the loss allowance of RMB177,008,000 (2023: RMB170,713,000) recognised for the financial guarantee contracts were estimated based on the fair values of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma. The fair values of Suzhou First Pharma's assets to be sold in the coming auctions were estimated based on the estimated auction prices of Suzhou First Pharma's assets to be sold in the coming auctions as stated in the auction's website of the PRC Court, less the applied discount of 13.05% (2023: 16.14%).

Reconciliation of loss allowance for financial guarantee contracts

	2024 RMB'000	2023 RMB'000
At 1 January	**170,713**	–
Charge to loss on Debt Restructuring (note 35)	**–**	170,713
Change in fair value of the year (note 7)	**6,295**	–
At 31 December	**177,008**	170,713

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

During the year ended 31 December 2024, the Group incurred a net loss on continuing operations of approximately RMB53,357,000 (2023: RMB33,491,000) and as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB708,880,000 and RMB399,108,000 (2023: RMB652,810,000 and RMB339,565,000), respectively. Furthermore, the Group's other borrowings amounted to approximately RMB375,488,000 (2023: RMB343,926,000), of which approximately RMB22,335,000, RMB313,810,000 and RMB31,350,000 (2023: RMB21,701,000, RMB286,087,000 and RMB32,920,000) were overdue for repayment, repayable on demand and would be due for repayment within next twelve months from 31 December 2024, respectively.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Liquidity risk (Continued)

As further explained in note 2, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account such plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

All non-interest bearing financial liabilities of the Group are carried at amounts not materially different from their contractual undiscounted cash flow as these financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

The following table sets out the remaining contractual maturities at the end of reporting period of the Group's trade and other payables, lease liabilities and other borrowings which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date of the Group would be required to repay.

As at 31 December 2024

	Scheduled undiscounted cash outflow					
	Weighted average interest rate per annum	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	Carrying Amount RMB'000
Trade and other payables	N/A	174,446	–	–	174,446	174,446
Lease liabilities	3.85%	354	90	38	482	466
Other borrowings	8.83%	367,863	8,007	–	375,870	375,488
		542,663	8,097	38	550,798	550,400

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Liquidity risk (Continued)

As at 31 December 2023

	Scheduled undiscounted cash outflow					
	Weighted average interest rate per annum	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	Carrying Amount RMB'000
Trade and other payables	N/A	148,493	–	–	148,493	148,493
Lease liabilities	9.00%	674	161	241	1,076	1,016
Other borrowings	8.89%	346,306	–	3,293	349,599	343,926
		495,473	161	3,534	499,168	493,435

In addition, as disclosed in note 28, the Company was subject to credit risk in respect of Suzhou First Pharma and its subsidiaries in relation to financial guarantees on bank and other borrowings given on behalf of Suzhou First Pharma and its subsidiaries. As at 31 December 2024, the carrying amount of financial guarantees contracts in relation to Suzhou First Pharma and its subsidiaries amounted to approximately RMB177,008,000 (2023: RMB170,713,000). The management of the Company considered the maximum exposure would be approximately RMB443,945,000 (2023: RMB443,945,000), if nil consideration is received from the auction of Suzhou First Pharma's receivables, inventories and the shareholding of its subsidiaries.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances which is limited due to the short maturity. The directors of the Company consider that the exposure to cash flow interest rate on bank deposits are insignificant. The fair value interest rate risk that arises from financial assets and liabilities that carried at fixed rates are bank balances, lease liabilities and other borrowings.

As at 31 December 2024 and 2023, the Group did not have any floating rate borrowings, no sensitivity analysis on interest rate exposure is presented accordingly.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, RMB and HK$. In addition, certain borrowings are also denominated in HK$. At present, the Group has no hedging policy with respect to its foreign exchange exposure.

(i) Exposure to currency risk

The following table details the Group's and the Company's major exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of non-PRC group entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2024			2023		
	US$ RMB'000	**RMB RMB'000**	**HK$ RMB'000**	US$ RMB'000	RMB RMB'000	HK$ RMB'000
Trade and other receivables	–	–	–	–	10,052	–
Cash and bank balances	–*	310	–	11	6	–
Trade and other payables	–	–	–	–	(2,000)	–
Other borrowings	–	(22,000)	–	–	(22,000)	–
	–	(21,690)	–	11	(13,942)	–

* Amounts less than RMB1,000

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after income tax and accumulated losses that would have arisen if foreign exchange rates to which the Group has significant exposure at the end of reporting period had changed at that date, assuming all other risk variables remained constant.

	2024			2023		
	Increase/ (decrease) in foreign exchange rates RMB'000	(Increase)/ decrease in loss after income tax RMB'000	(Increase)/ decrease in accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates RMB'000	(Increase)/ decrease in loss after income tax RMB'000	(Increase)/ decrease in accumulated losses RMB'000
US$	5%	–*	–*	5%	–	–
	(5%)	–*	–*	(5%)	–	–
RMB	5%	(906)	(906)	5%	(582)	(582)
	(5%)	906	906	(5%)	582	582
HK$	5%	–	–	5%	–	–
	(5%)	–	–	(5%)	–	–

* Amounts less than RMB1,000

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' loss after income tax measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of non-PRC incorporated subsidiaries into the Group's presentation currency. The analysis has been performed on the same basis for 2023.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt-to-assets ratio. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there is adequate working capital to service its debt obligations. The Group's debt-to-assets ratio, being the Group's total interest-bearing borrowings and lease liabilities over its total assets, at 31 December 2024 was 110.6% (2023: 156.7%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial assets and liabilities measured at fair value

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs. The fair value of unlisted equity investment as at 31 December 2024 classified as financial asset at fair value through profit or loss is determined by reference to a valuation report issued by an independent qualified valuer under level 3 valuation.

The fair value of unlisted equity investment as at 31 December 2024 classified as financial asset at fair value through profit or loss is determined by reference to a valuation report issued by an independent qualified valuer under level 3 valuation.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Financial assets and liabilities measured at fair value (Continued)

As at 31 December 2024

		Fair value measurements categorised into		
	Fair value RMB'000	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**
Financial assets:				
Financial asset at FVTPL				
– Unlisted equity investment	**317,282**	**–**	**–**	**317,282**

As at 31 December 2023

		Fair value measurements categorised into		
	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets:				
Financial asset at FVTPL				
– Club debenture	586	–	586	–

During the years ended 31 December 2024 and 2023, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

Financial assets and liabilities measured at fair value (Continued)

Reconciliation of Level 3 fair value measurement of financial assets

	2024 RMB'000	2023 RMB'000
At 1 January	–	–
Transfer from interest in an associate measured at fair value upon transfer (note 18)	293,719	–
Changes in fair value (note 7)	23,563	–
At 31 December	317,282	–

Reconciliation of Level 3 fair value measurement of financial liabilities

	2024 RMB'000	2023 RMB'000
At 1 January	–	2,054
Changes in fair value recognised in consolidated profit or loss (note 6)	–	(2,054)
At 31 December	–	–

Valuation techniques and inputs in Level 3 fair value measurement

The following table gives information about how the fair values of contingent consideration payable is determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 December 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Unlisted equity investment	317,282	–	Level 3	Market approach with reference to the Price–earnings ratio of comparable companies	Discount of lack of marketability

Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost approximated their respective fair values at 31 December 2024 and 2023.

35. DEBT RESTRUCTURING

Transfer of entire interest in a wholly-owned subsidiary, Suzhou First Pharma

On 29 August 2022, a PRC commercial bank filed a lawsuit against Suzhou First Pharma through the Court, for its non-compliance with the terms and conditions of a loan agreement. According to the statement of claim, the bank was pursuing claims against Suzhou First Pharma for the repayment of all outstanding loan principal amounts of approximately RMB160,000,000 and the relevant interest.

On 27 April 2023, the Court accepted the application of the debt restructuring (the "**Debt Restructuring**") of Suzhou First Pharma and appointed an administrator (the "**Administrator**") to execute the Debt Restructuring.

In accordance with the proposal of the Debt Restructuring, the entire shareholding of Suzhou First Pharma and relevant assets including properties, plant and equipment, land use right, intangible assets, customer list and resources and production certified are transferred to a new investor (the "**Investor**"), which is an independent third party to the Group solicited by the Administrator at a consideration of RMB1.

In addition, the Investor provided a compensation amounted to RMB355,000,000 which was paid to the Administrator for the purpose of settling partial creditors' balances and other restructuring expense (e.g. audit fee, valuation fee, administration fee, etc.) (the "**First Repayment Allocation**"). After the First Repayment Allocation, Suzhou First Pharma's receivables, inventories and shareholding of its subsidiaries and the assets of its subsidiaries are subject to auction and the consideration and its remaining cash and bank balances will be subject to the second repayment allocation (the "**Second Repayment Allocation**") to pay to the creditors.

The transfer of the Group's interest in Suzhou First Pharma to the Investor was completed on 1 August 2023. The management considered that the Debt Restructuring proposal had not been mutually agreed and effective until the payment has been made by the Investor, the Group therefore consolidated the financial information of Suzhou First Pharma until 1 August 2023.

Suzhou First Pharma was engaged in manufacturing and sale of several branded products, comprising of: Shusi, Zhuo'ao; and others, which contributed significant portion of revenue to the Group during the year ended 31 December 2023, hence it was discontinued operations of the Group upon completion of the disposal.

The results of Suzhou First Pharma for the period from 1 January 2023 to 1 August 2023 had been presented as part of the consolidated profit or loss for the year ended 31 December 2023 from discontinued operations of the Group in the consolidated statement of profit or loss and other comprehensive income.

35. DEBT RESTRUCTURING (Continued)

Transfer of entire interest in a wholly-owned subsidiary, Suzhou First Pharma (Continued)

Statement of profit or loss of Suzhou First Pharma

	Period from 1 January 2023 to 1 August 2023 (Completion date of transfer) RMB'000
Revenue	88,637
Cost of sales	(29,574)
Gross profit	59,063
Other income and gain	4,846
Other losses	(3,652)
Provision for allowance of ECL on trade receivables, net	(1,663)
Provision for of allowance for ECL on other receivables, net	(2,502)
Selling and distribution expenses	(12,389)
General and administrative expenses	(27,998)
Finance costs	(22,207)
Loss before income tax	(6,502)
Income tax expense	(16,859)
Loss for the period	(23,361)
Loss on Debt Restructuring	(86,738)
Loss for the period from discontinued operations, net of tax	(110,099)

35. DEBT RESTRUCTURING (Continued)

Transfer of entire interest in a wholly-owned subsidiary, Suzhou First Pharma (Continued)

Statement of profit or loss of Suzhou First Pharma (Continued)

Loss for the period from the discontinued operations is arrived at after charging:

	Period from 1 January 2023 to 1 August 2023 (Completion date of transfer) RMB'000
Employee benefit expenses (including directors' remuneration)	
– Salaries, wages and other benefits	8,218
– Contributions to defined contribution retirement plans	1,517
	9,735
Depreciation of property, plant and equipment	3,797
Depreciation of right-of-use assets	98
Amortisation of intangible assets	773

Cash flows from discontinued operation for the period are as follows:

	Period from 1 January 2023 to 1 August 2023 (Completion date of transfer) RMB'000
Net cash generated from investing activities	20,852
Net cash used in investing activities	(2,481)
Net cash generated from investing activities	8,638

35. DEBT RESTRUCTURING (Continued)

Transfer of entire interest in a wholly-owned subsidiary, Suzhou First Pharma (Continued)

The analysis of assets and liabilities of Suzhou First Pharma at the date of disposal were as follows:

	As at 1 August 2023 (Completion date of transfer) RMB'000
Property, plant and equipment	385,083
Interests in leasehold land held for own use	115,998
Intangible assets	155,811
Trade and other receivables	96,415
Inventories	12,846
Bank balances and cash	9,223
Restricted cash at banks	4,015
Trade and other payables	(205,520)
Contract liabilities	(1,842)
Lease liabilities	(15)
Bank and other borrowings	(463,359)
Tax payable	(24,472)
Deferred tax liabilities	(77,220)
Net assets	6,963
Loss on Debt Restructuring:	
Cash consideration received	–*
Net assets deconsolidated	6,963
Amounts due to Suzhou First Pharma	(90,938)
Financial guarantee contracts	170,713
Loss on Debt Restructuring	86,738
Net cash outflow arising on the Debt Restructuring:	
Cash consideration received	–*
Less: bank balances and cash and restricted cash at banks disposed of	(9,223)
	(9,223)

* Amount less than RMB1,000

36. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

Disposal of subsidiaries

On 19 November 2023, the Group entered into an agreement with an independent third party, for disposal of 100% equity interests of certain wholly-owned subsidiaries, including Tai Ning Pharmaceutical (Investment) Company Limited, Farbo Investment Limited, Humford Limited, NT Pharma (Far East) Company Limited, NT Pharma (Asia) Company Limited, Goldwise Resource Ltd, NTP (China) Investment Co., Limited, Kimford Investment Limited and its subsidiaries (the "**Disposal Group**"), at a consideration of HK$1. The net liabilities of the Disposal Group at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	165
Intangible assets	1,923
Interest in an associate	1,092
Other receivables and deposits	7,166
Bank balances and cash	197
Trade and other payable	(24,204)
Net liabilities disposal of	(13,661)
Gain on disposal of subsidiaries:	
Cash consideration received	–*
Net liabilities disposal of	(13,661)
Exchange reserve	1,389
Gain on disposal	(12,272)
Net cash outflow arising on the disposal of subsidiaries	
Cash consideration received	–*
Less: Cash and bank balances disposed of	(197)
	(197)

* Amount less than RMB1,000

37. LOSS ON DECONSOLIDATION OF SUBSIDIARIES

For the year ended 31 December 2024

Deconsolidation of subsidiaries

On 5 August 2024, a special resolution of a wholly-owned subsidiary, NT Pharma (HK) Limited resolved the winding-up of the company voluntarily pursuant to Section 288(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the liquidators have been appointed. As a result of the liquidation and appointment of liquidators, the Group lost control over NT Pharma (HK) Limited and its direct wholly-owned subsidiary, NT Pharmaceutical Trading (Shanghai) Co., Ltd. (the "**Deconsolidated Subsidiaries**"). Accordingly, the financial results of the Deconsolidated Subsidiaries were deconsolidated from the Group and a loss on deconsolidation of the subsidiaries of approximately RMB7,009,000 was recognised in the consolidated profit or loss for the year ended 31 December 2024.

The net assets of the Deconsolidated Subsidiaries at the date of deconsolidation were as follows:

	RMB'000
Analysis of liabilities over which control was lost:	
Property, plant and equipment	3
Intangible assets	196
Financial asset at fair value through profit or loss	589
Other receivables	7,455
Bank balances and cash	22
Other payables	(1,256)
Net assets of subsidiaries deconsolidated and loss on deconsolidation	7,009
Net cash outflow arising on the deconsolidation of the subsidiaries	
Cash and bank balances deconsolidated of	(22)

38. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2024. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	Place of Incorporation. Principal place of operation	Particulars of issued and paid up/ registered capital	Group's effective Interest RMB'000	Held by the Company RMB'000	Held by a subsidiary RMB'000	Principal activities
NT Group	The BVI, limited liability company	9 shares of US$1 each	100% (2023: 100%)	100% (2023: 100%)	– (2023: –)	Investment holding
NT Pharma (Group) Co., Ltd.	The BVI, limited liability company	50,000 shares of US$1	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Dormant
Green-Life Technology (Hong Kong) Company Limited	Hong Kong, limited liability company	1 share	100 (2023: 100%)	– (2023: –)	100% (2023: 100%)	Dormant
NT Pharma (HK) Limited (note (iii))	Hong Kong, limited liability company	2 shares	– (2023: 100%)	– (2023: –)	– (2023: 100%)	Investment holding (2023: Trading of prescription medicines)
NT Pharma (Overseas) Holding Co. Ltd	The BVI, limited liability company	1 share of US$1	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Investment holding
NT Pharma Pacific Company Limited	Hong Kong, limited liability company	1 share of HK$1	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Investment holding
Four M Digital Pharma Company Limited (note (ii))	Hong Kong, limited liability company	1 share of HK$1	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Trading of prescription medicines
NT Pharmaceutical Trading (Shanghai) Co., Ltd. (泰凌醫藥貿易(上海)有限公司) (note (i) and (iii))	The PRC, limited liability company	US$2,000,000	– (2023: 100%)	– (2023: –)	– (2023: 100%)	Investment holding

38. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of Incorporation. Principal place of operation	Particulars of issued and paid up/ registered capital	Proportion of ownership interest: Group's effective Interest RMB'000	Held by the Company RMB'000	Held by a subsidiary RMB'000	Principal activities
Fuaimeng (Hainan) Biotechnology Co., Ltd. (福艾蒙(海南)生物科技有限公司) (notes (i) and (ii))	The PRC, limited liability company	RMB10,000,000	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Provision of consulting services
Fuaimeng (Hainan) Digital Technology Co., Ltd. (福艾蒙(海南)數字科技有限公司) (notes (i) and (ii))	The PRC, limited liability company	RMB10,000,000	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Provision of consulting services
Fuaimeng (Beijing) Technology Co., Ltd. (福艾蒙(北京)科技有限公司) (notes (i) and (ii))	The PRC, limited liability company	RMB10,000,000	100% (2023: 100%)	– (2023: –)	100% (2023: 100%)	Provision of consulting services

Notes:

(i) The English translation of the company names is for reference only. The official names of these entities are in Chinese.

(ii) These subsidiaries were newly incorporated during the year ended 31 December 2023.

(iii) The controls of these subsidiaries were lost upon the liquidation of subsidiaries during the year ended 31 December 2024 as disclosed in note 37.

None of the subsidiaries had issued any debt securities as at 31 December 2024 and 2023.

39. LITIGATIONS

(a) On 5 January 2021, a customer of the Group as the plaintiff, filed a legal proceeding against certain wholly-owned subsidiaries of the Company, including Suzhou First Pharma and Guangdong NT Pharma Co., Ltd (廣東泰凌醫藥有限公司) 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.

Following the Debt Restructuring as disclosed in note 35, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

(b) On 24 August 2021, a writ of summons was issued by a former associate of the Group, Yingtai Pharm, as plaintiff, against certain wholly-owned subsidiaries of the Company, including NT (BJ) Pharma Technology, NT Biopharmaceuticals Jiangsu and 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 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 an associate amounting to approximately RMB22,157,000 was recognised in consolidated profit or loss in 2021.

On 22 February 2022, 江蘇省泰州市中級人民法院 held a mediation amongst the plaintiff and the defendants, both parties agreed that the defendant 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 defendant.

Following the Debt Restructuring as disclosed in note 35, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

39. LITIGATIONS (Continued)

(c) On 17 September 2021, a writ of summons was issued by an independent third party, as plaintiff, against certain wholly-owned subsidiaries, Suzhou First Pharma, 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 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 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 claimed principal amount and related expenses were approximately RMB31,400,000 and RMB4,211,000 which shall be repaid in accordance with the revised and extended schedule to December 2022.

Following the Debt Restructuring as disclosed in note 35, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

(d) On 6 December 2021, a PRC subsidiary, 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 and interest amounted to approximately RMB90,448,000,000 and RMB10,552,000, respectively, together with the default interest.

The Group engaged a competent legal adviser to act for its interest in respect of the litigation. NT Biopharmaceuticals Jiangsu has continued to negotiate with the bank to restructure the due bank borrowings, together with the default interest, with extension of maturity and revised repayment schedule.

Following the Debt Restructuring as disclosed in note 35, the plaintiff declared the outstanding balance to the Court and the repayment will be subject to further auction to be conducted by the Administrator. The corresponding payables were derecognised (included in trade and other payables) following the loss of control of Suzhou First Pharma.

40. COMMITMENTS

Capital commitments outstanding but not provided for in the consolidated financial statements of the Group were as follows:

	2024 RMB'000	2023 RMB'000
Contracted for but not provided for		
Acquisition of a production license of medication (note 21(c)(i))	–	1,440

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) List of related parties

During the year ended 31 December 2024, except those disclosed elsewhere in the consolidated financial statements, transactions with the following parties were considered to be related party transactions in the normal ordinary course of business of the Group:

Name of related parties	Relationship with the Group
Golden Base Investment Limited	Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders
Mr. Ng Andy Ching Kit	Son of Mr. Ng Tit and Ms. Chin Yu
Ms. Ng Anna Ching Mei	Ms. Ng is director and daughter of Mr. Ng Tit and Ms. Chin Yu, are the directors
WSNG Group Limited	Mr. Ng Andy Ching Kit, son of Mr. Ng Tit and Ms. Chiu Yu, is director and shareholder
Medicloud Healthcare Company Limited	A subsidiary of WSNG Group Limited
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
Annie Investment Co., Ltd.	Wholly-owned by the substantial shareholders of the Company, Ms. Shum Ning and Mr. Ieong Chong Mang
Beijing Kangchen	An associate of the Group
Yingtai Pharm (Note)	An associate of the Group

Note: Yingtai Pharm is no longer the associate of the Group upon the disposal of subsidiaries on 19 December 2023 as disclosed in notes 18 and 36.

41. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

The details of the remuneration paid to the key management personnel during the year are set out in note 11.

(c) Transactions with related parties

Name of related party	Nature of transactions	2024 RMB'000	2023 RMB'000
Annie Investment Co., Ltd.	Interest expenses on other borrowings paid/payable	**11,078**	10,502
Golden Base Investment Limited	Interest expenses on other borrowings paid/payable	**8,395**	3,829
Medicloud Healthcare Company Limited	Interest expenses on other borrowings paid/payable	**–**	18
Mr. Ng Andy Ching Kit	Interest expenses on other borrowings paid/payable	**288**	72
WSNG Group Limited	Interest expenses on other borrowings paid/payable	**–**	184
Ms. Ng, Anna Ching Mei	Interest expenses on other borrowings paid/payable	**44**	–

The directors of the Company are of the opinion that the above related party transaction were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business of the Group.

41. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

	2024 RMB'000	2023 RMB'000
Other borrowings, unsecured (note 27(b))		
– Golden Base Investment Limited	**77,843**	59,610
– Mr. Ng Andy Ching Kit	**893**	920
– Annie Investment Co., Ltd.	**225,671**	220,689
– Ms. Ng, Anna Ching Mei	**9,403**	–
	313,810	281,219
Interest payables included in other payables (note 23(iii))		
– Golden Base Investment Limited	**13,913**	5,244
– Mr. Ng Andy Ching Kit	**403**	107
– Annie Investment Co., Ltd.	**103,659**	90,336
– Ms. Ng Anna Ching Mei	**45**	–
	118,020	95,687

42. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB630,000 and RMB630,000 (2023: RMB535,000 and RMB535,000) respectively during the year ended 31 December 2024 in respect of lease arrangements for the properties (notes 15 and 26).

42. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings RMB'000	Other borrowings RMB'000	Accrued interest including in other Payables RMB'000	Lease liabilities RMB'000
At 1 January 2023	348,073	476,972	121,123	1,409
Changes from financing cash flows:				
Repayments of other borrowings	–	(8,572)	–	–
Proceeds from new other borrowings	–	14,860	–	–
Proceed from issue of a corporate bond (note 27(b))	–	3,218	–	–
Payment for cost of issuing corporate bonds (note 27(b))	–	(472)	–	–
Repayment of corporate bonds (note 27(b))	–	(27,680)	–	–
Repayments of lease liabilities principal	–	–	–	(948)
Repayments of lease liabilities interest	–	–	–	(143)
Interests paid	–	(10,231)	(8,397)	–
	–	(28,877)	(8,397)	(1,091)
Other changes:				
Interest expenses	13,248	37,634	–	143
Addition of lease liabilities	–	–	–	535
Credited to interest payables	(13,248)	(30,292)	43,540	–
Derecognised upon the Debt Restructuring (note 35)	(348,073)	(115,286)	(55,010)	(15)
Exchange realignment	–	3,775	465	35
	(348,073)	(104,169)	(11,005)	698
At 31 December 2023	–	343,926	101,721	1,016

42. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Other borrowings RMB'000	Accrued interest including in other Payables RMB'000	Lease liabilities RMB'000
At 1 January 2024	343,926	101,721	1,016
Changes from financing cash flows:			
Repayments of other borrowings	(1,921)	–	–
Proceeds from new other borrowings	26,051	–	–
Proceed from issue of a corporate bond (note 27(c))	4,616	–	–
Repayment of corporate bonds (note 27(c))	(5,382)	–	–
Repayments of lease liabilities principal	-	–	(726)
Repayments of lease liabilities interest	-	–	(40)
Interests paid	(9,945)	–	–
	13,419	–	(766)
Other changes:			
Interest expenses	31,504	–	40
Lease termination	–	–	(455)
Addition of lease liabilities	–	–	630
Credited to interest payables	(21,559)	21,559	–
Exchange realignment	8,198	2,696	1
	18,143	24,255	216
At 31 December 2024	375,488	125,976	466

43. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Loan capitalisation

On 28 November 2024, the Company entered into a subscription agreement with two subscribers, pursuant to which the Company has conditionally agreed to allot and issue 410,156,509 new shares, thereby HK$87,000,000 representing the partial settlement of the outstanding principal amount and the accrued interest of the other borrowings; and approximately HK$48,352,000 representing release of financial guarantee contracts, respectively (the "**Subscription**") would be arranged.

On 21 February 2025, the Subscription was completed, 263,636,363 and 146,520,146 new shares were duly allotted and issued as fully paid by the Company to the two subscribers respectively.

Details of the loan capitalisation were disclosed in the announcements of the Company dated 28 November 2024, 19 December 2024, 28 January 2025, 4 February 2025, 17 February 2025 and 21 February 2025 and the circular dated 28 January 2025.

44. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries		–	–
Current assets			
Other receivables and prepayments		8	127
Cash and cash equivalents		1	1,000
		9	1,127
Current liabilities			
Other payables and accruals		141,550	117,087
Amounts due to subsidiaries		39,360	36,841
Other borrowings		367,495	340,708
Financial guarantee contracts		177,008	170,713
		725,413	665,349
Net current liabilities		(725,404)	(664,222)
Total assets less current liabilities		(725,404)	(664,222)
Non-current liability			
Other borrowings		7,993	3,218
NET LIABILITIES		(733,397)	(667,440)
EQUITY			
Share capital	30	1	1
Reserves	(b)	(733,398)	(667,441)
Total capital deficits		(733,397)	(667,440)

The statement of financial position of the Company were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Mr. Ng Tit
Chairman and Chief Executive Officer

Ms. Chin Yu
Director

44. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share Premium (note 31(i)) RMB'000	Exchange reserve (note 31(ii)) RMB'000	Other reserve (note 31(v)) RMB'000	Capital reserve (note 31(vi)) RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	1,759,103	43,620	279,467	11,052	(2,492,268)	(399,026)
Loss for the year	–	–	–	–	(311,176)	(311,176)
Other comprehensive income for the year						
– Exchange differences arising on translation	–	(4,341)	–	–	–	(4,341)
Other comprehensive loss for the year	–	(4,341)	–	–	(311,176)	(315,517)
Issuance new shares to consultants (note 30)	37,709	–	–	–	–	37,709
Placing of new shares, net of expenses (note 30)	9,393	–	–	–	–	9,393
At 31 December 2023 and 1 January 2024	**1,806,205**	**39,279**	**279,467**	**11,052**	**(2,803,444)**	**(667,441)**
Loss for the year	**–**	**–**	**–**	**–**	**(46,399)**	**(46,399)**
Other comprehensive income for the year						
– Exchange differences arising on translation	**–**	**(19,558)**	**–**	**–**	**–**	**(19,558)**
Other comprehensive loss for the year	**–**	**(19,558)**	**–**	**–**	**(46,399)**	**(65,957)**
Lapse of share options	**–**	**–**	**–**	**(1,907)**	**1,907**	**–**
At 31 December 2024	**1,806,205**	**19,721**	**279,467**	**9,145**	**(2,847,936)**	**(733,398)**

FIVE YEARS FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Re-presented)	2021 RMB'000	2020 RMB'000
Turnover	**37,960**	7,366	–	226,699	221,731
Gross profit	**5,260**	7,366	–	145,459	134,904
Loss before income tax	**(53,480)**	(33,369)	(50,040)	(148,752)	(200,289)
Loss for the year from discontinued operations	**–**	(110,099)	(16,365)	–	(168,644)
Loss for the year	**(53,357)**	(143,590)	(66,405)	(151,334)	(359,913)

Assets and Liabilities

	At 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total non-current assets	**317,890**	316,845	932,284	687,657	718,110
Total current assets	**16,185**	12,277	73,434	267,703	480,860
Total current liabilities	**(725,065)**	(665,087)	(1,169,693)	(895,973)	(1,101,770)
Net current liabilities	**(708,880)**	(652,810)	(1,096,259)	(628,270)	(579,477)
Total assets less current liabilities	**(390,990)**	(335,965)	(163,975)	59,387	138,633
Total non-current liabilities	**(8,118)**	(3,600)	(77,683)	(270,762)	(116,211)
Net (liabilities)/assets	**(399,108)**	(339,565)	(241,658)	(211,375)	22,422
Total (capital deficits)/equity	**(399,108)**	(339,565)	(241,658)	(211,375)	16,279