INNOVATIVE PHARMACEUTICAL BIOTECH LIMITED
領航醫藥及生物科技有限公司
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 399)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "Board") of directors (the "Directors") of Innovative Pharmaceutical Biotech Limited (the "Company") hereby announces the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 (the "Financial Year") together with the comparative figures for the year ended 31 March 2019 (the "Previous Financial Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	4	**14,580**	18,589
Cost of sales		**(12,960)**	(16,842)
Gross profit		**1,620**	1,747
Other income	6	**30**	1,992
Other gains and losses, net	6	**(49,406)**	(117,605)
Administrative expenses		**(22,643)**	(26,744)
Research and development expenses		**(11,336)**	(1,934)
Share of results of associates		**6,312**	13,326
Finance costs	7	**(147,039)**	(131,693)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Loss before income tax		**(222,462)**	(260,911)
Income tax expense	8	**—**	—
Loss for the year	9	**(222,462)**	(260,911)
Other comprehensive income/(expenses):			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates		**(1,388)**	(12,619)
Exchange differences on translation of foreign operations		**1,601**	3
Release of share of other comprehensive income of associates upon disposal of an associate		**13,319**	—
Other comprehensive income/(expenses) for the year		**13,532**	(12,616)
Total comprehensive expense for the year		**(208,930)**	(273,527)
Loss for the year attributable to:			
Owners of the Company		**(211,117)**	(260,272)
Non-controlling interests		**(11,345)**	(639)
		(222,462)	(260,911)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(197,585)**	(272,888)
Non-controlling interests		**(11,345)**	(639)
		(208,930)	(273,527)
		HK cents	*HK cents*
Loss per share	11		
Basic		**(14.42)**	(17.78)
Diluted		**(14.42)**	(17.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**35**	95
Right-of-use assets		**3,433**	—
Interests in associate		**—**	48,954
Investments in convertible bonds		**—**	111,942
Intangible asset	12	**1,373,224**	1,373,224
		1,376,692	1,534,215
Current assets			
Trade receivables	13	**15,608**	21,176
Prepayments, deposits and other receivables		**3,642**	6,305
Bank balances and cash		**22,936**	17,058
		42,186	44,539
Current liabilities			
Trade payables	14	**10,253**	21,214
Lease liabilities		**2,285**	—
Accruals and other payables		**5,140**	7,273
Amounts due to non-controlling interests		**3,092**	3,092
Amounts due to former non-controlling interest		**823**	823
Loan from a substantial shareholder		**7,000**	—
Amount due to a former associate		**41,947**	—
		70,540	32,402
Net current (liabilities)/assets		**(28,354)**	12,137
Total assets less current liabilities		**1,348,338**	1,546,352

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Convertible bonds	**743,142**	658,632
Lease liabilities	**1,111**	—
Loan from a substantial shareholder	**—**	25,000
Amount due to a former associate	**—**	41,952
Loan from a non-controlling interest	**20,929**	20,929
Loan from a former associate	**15,383**	5,027
	780,565	751,540
NET ASSETS	**567,773**	794,812
Capital and reserves		
Share capital	**14,642**	14,642
Reserves	**(405,015)**	(89,599)
Equity attributable to owners of the Company	**(390,373)**	(74,957)
Non-controlling interests	**958,146**	869,769
TOTAL EQUITY	**567,773**	794,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

Innovative Pharmaceutical Biotech Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. On 1 March 2013, the Company has been deregistered in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the laws of Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is situated at Unit No. 2111, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

2. BASIS OF PREPARATION

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 March 2020, the Group has net current liabilities of approximately HK$28,354,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

(i) The Company obtained a confirmation from the Group's former associate confirm that shall not demand for repayment of the amount of approximately HK$41,947,000 as at 31 March 2020 for a period of at least 12 months from 29 June 2020.

(ii) The Company obtain the financial support of the substantial shareholder and confirm in written that agreed to provide the Company with sufficient financial support to enable the Company to meet its obligations to third parties as and when they fall due and to continue as a going concern.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from the date of consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(i) New and amended HKFRSs adopted by the Group

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the other new revised HKFRSs and amendment 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 these consolidated financial statement.

HKFRS 16 — Leases

The impact of the adoption of HKFRS 16 “Leases” has been summarised below.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 “Leases” (“HKAS 17”), HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. From a lessee’s perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated loss at the date of initial application. The comparative information presented in 2020 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarises the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

	HK$’000
Right of use assets	
Closing balance under HKAS 17 as at 31 March 2019	—
— Recognition of additional right-of-use assets under HKFRS 16	419
Opening balance under HKFRS 16 as at 1 April 2019	419

	HK$'000
Lease liabilities	
Closing balance under HKAS 17 as at 31 March 2019	—
— Recognition of additional lease liabilities under HKFRS 16	411
Opening balance under HKFRS 16 as at 1 April 2019	411

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 March 2019	1,252
Less: short-term leases for which lease terms end within 31 March 2020	(820)
Less: future interest expenses	(21)
Total lease liabilities as of 1 April 2019	411

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 6.33%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and accounted for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as rightof-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased mobile phones, laptop computers and photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at cost.

Leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that these are buildings leased for own use carried at cost. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right of use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and; (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019.

The Group has elected to recognise all the right-of-use assets as at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" as at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as shortterm leases; (iii) exclude the initial direct costs from the measurement of the right-of-use assets as at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease"; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

(ii) New and amended HKFRSs that have been issued but not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions[5]

1 Effective for business combinations and assets acquisitions for which the acquisition date is on or after beginning of the first annual period beginning on or after 1 January 2020.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 The amendments were originally intended to be effective for periods beginning on or after 1 April 2018. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

5 Effective for annual periods beginning on or after 1 June 2020.

4. REVENUE

Revenue for the year represents the fair value of amounts received and receivable for goods sold or services rendered by the Group to outside customers, less discounts and related taxes for the year, is analysed as follows:

	2020	2019
	HK$'000	*HK$'000*
Sales of beauty products in Hong Kong and recognised at a point in time	**14,580**	18,589

For sales of beauty products revenue is recognised when control of goods has transferred to the customer, being at the point the goods are delivered to the customer. The normal credit term is 90 days upon delivery.

5. SEGMENT REPORTING

Segment revenues and results

	Trading of beauty equipment and products		Securities investment		Research and development		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
								(Restated)
Revenue from external customers	**14,580**	18,589	**–**	–	**–**	–	**14,580**	18,589
Segment profit/(loss)	**1,385**	1,747	**–**	(35,600)	**(14,375)**	(3,577)	**(12,990)**	(37,430)
Additional disclosures for operating segments:								
Unallocated other income, gains and losses, net							**(27,042)**	9,651
Interest expenses on convertible bonds							**(146,367)**	(129,142)
Corporate and other expenses							**(20,243)**	(27,641)
Change in fair value of investment in convertible bonds							**(22,132)**	(56,485)
Share of results of associates							**6,312**	13,326
Impairment loss on interest in an associate							**–**	(33,190)
Loss before income tax							**(222,462)**	(260,911)
Income tax expense							**–**	–
Loss for the year							**(222,462)**	(260,911)

Segment assets and liabilities

	Trading of beauty equipment and products		Securities investment		Research and development		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets	**24,536**	30,297	**–**	–	**1,380,876**	1,375,894	**1,405,412**	1,406,191
Investments in convertible bonds							**–**	111,942
Interests in associates							**–**	48,954
Corporate and other assets							**13,466**	11,667
Total assets							**1,418,878**	1,578,754
Liabilities								
Segment liabilities	**10,245**	21,206	**–**	–	**82,717**	153	**92,962**	21,359
Convertible bonds							**743,142**	658,632
Corporate and other liabilities							**15,001**	103,951
Total liabilities							**851,105**	783,942

Geographical information

The principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regards Hong Kong as its country of domicile. Over 90% of the Group's external customers and non-current assets are located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**14,580**	18,589

Revenue from the above customer in the respective reporting period is derived from the segment of trading of beauty equipment and products.

6. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Other income		
Interest income from banks	**6**	205
Interest income from rental deposit	**15**	—
Sundry income	**9**	—
Imputed interest income from loan to a former associate	**—**	1,787
	30	1,992
Other gains and losses, net		
Impairment loss on trade receivables	**(232)**	276
Gain on early repayment of loan to a former associate	**—**	7,383
Change in fair value of investments in convertible bonds	**(22,132)**	(56,485)
Fair value loss on financial assets held-for-trading	**—**	(18,124)
Impairment loss on interest in an associate	**—**	(33,190)
Loss on disposal of financial assets held-for-trading	**—**	(17,465)
Loss on disposals of an associate	**(5,266)**	—
Loss on modification of convertible bonds	**(27,749)**	—
Gain on deemed early redemption of convertible bonds	**5,973**	—
	(49,406)	(117,605)

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Effective interest expense on convertible bonds	**146,367**	129,142
Imputed interest expense on loan from a former associate	**556**	127
Imputed interest expense on loan from a non-controlling interests	**—**	2,424
Interest on lease liability	**116**	—
	147,039	131,693

8. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2019: 25%).

No Hong Kong Profits Tax and PRC income tax have been made for the year as the group companies operating in Hong Kong and the PRC did not generate any assessable profits for the year (2019: Nil).

9. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging the following:		
Auditors' remuneration	**1,100**	1,100
Depreciation of property, plant and equipment	**60**	67
Depreciation of right-of-use assets	**1,184**	—
Expenses relating to short-term lease payment	**1,029**	—
Rental expense for premises under operating leases	**—**	2,413
Cost of inventories recognised as an expense	**12,960**	16,842
Staff costs, exclusive of directors' emoluments		
Salaries, bonus and other benefits	**4,504**	3,570
Retirement benefits scheme contributions	**109**	157
	4,613	3,727

10. DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31 March 2020 (2019: Nil).

11. LOSS PER SHARE

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

Loss

	2020	2019
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(211,117)**	(260,272)

Number of shares

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,464,193**	1,464,193

For the year ended 31 March 2020, basic and diluted loss per share was HK$0.1442 (2019: HK$0.1778), which is based on the loss for the year of approximately HK$211,117,000 (2019: HK$260,272,000) and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share has been presented as the exercise of the outstanding convertible bonds issued by the Company would result in a decrease in loss per share (i.e. anti-dilutive).

12. INTANGIBLE ASSETS

	In-process R & D *HK$'000*
COST AND CARRYING VALUES	
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	**1,373,224**

The In-process R&D represented an in-process research and development project involving the Product. The patents of an invention "a method of production of oil-phase preparation of oral insulin (一種製備口服胰島素油相製劑的方法)" in relation to the Product are registered under the joint names of Fosse Bio-Engineering Development Limited ("Fosse Bio") and Tsinghua University, Beijing ("THU") granted by State Intellectual Property Office of the PRC and United States Patent and Trademark Office of the United States of America granted on 4 August 2004 and 28 March 2006 respectively and will be expired on 20 April 2021 and 12 April 2022 respectively. Fosse Bio is a subsidiary of Smart Ascent, which became a subsidiary of the Company upon completion of the acquisition on 28 July 2014. In addition, Fosse Bio and THU have entered into the agreements in 1998 in connection with the research and development of the Product. Pursuant to the THU Collaboration Arrangement, which is originally expired in October 2018. During the year ended 31 March 2019, the Group has entered into a supplemental agreement with THU to renew the terms of the collaboration for another five years to October 2023. (the "Renewed THU Collaboration Agreement"). Under the Renewed THU Collaboration Agreement, Fosse Bio would be entitled to commercialise the relevant technologies of the Product and to manufacture and sell the Product on an exclusive basis, and THU is entitled to 1.5% of Fosse Bio's annual sales upon commercialisation of the Product. Accordingly, Fosse Bio has the exclusive right for the commercialisation of the Product for the duration of the unexpired term of the Renewed THU Collaboration Agreement.

Legal advisors of the Company have informed that if the Renewed THU collaboration agreement is early terminated or expired, Fosse Bio will no longer have the exclusive right of the commercialisation of the Product. Any of Fosse Bio or THU will have the rights to independently commercialise the patented product, without the consent from each other. However, given that THU is an educational unit and does not engage in commercialisation of the Product, the directors of the Company have prepared the cash flow projections for the 10-year period using the assumption that the product will be launched in the fourth quarter of 2022.

The recoverable amount of the In-process R&D is determined based on fair value calculations using the income approach, with reference to the valuation performed by Roma Appraisal Limited, an independent firm of professional qualified valuers. The fair value calculation used the cash flow projections prepared by the management based on certain key assumptions, in which the estimated cash inflows derived from budgeted sales and expected gross margin were based on the expectations for the market development. In addition, the fundamental assumptions included the regulatory approvals from the relevant government bodies (in particular, the granting of the certificate of new medicine and pharmaceutical manufacturing permit for the Product by China Food and Drug Administration of the PRC) to launch the Product in the fourth quarter of 2022.

The expected future economic benefits attributable to the In-process R&D approved by the management cover a 10-year period. The calculation used in the cash flow projections with certain key parameters are as below:

	2020	2019
Discount rate (post-tax)	**24.64%**	23.64%
Growth rate	**3%**	3%
Gross profit ratio	**64.44%**	64.44%

Based on the impairment review assessment, the recoverable amount of the Group's intangible asset is estimated to be higher than the carrying amount. Therefore, the directors of the Company are of the opinion that no impairment on the carrying amount of the In-process R&D has to be recognised for the year (2019: Nil).

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly based on credit. The credit terms of 90 days (2019: 90 days). All sales made to the major customer have short credit terms. These credit 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. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
30 days or less	—	767
31 to 60 days	—	762
61 to 90 days	725	1,693
Over 90 days	14,883	17,954
	15,608	21,176

The Group did not hold any collateral over these balances.

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
30 days or less	—	698
31 to 60 days	—	675
Over 60 days	10,253	19,841
	10,253	21,214

The average credit period on purchase of goods normally range from 60 days to 90 days.

15. CONTINGENT LIABILITIES AND LITIGATION

Litigation concerning CNL (Pinghu) in the PRC

On 17 April 2012, a writ of summons was issued by 江蘇瑞峰建設集團有限公司 (Jiangsu Ruifeng Construction Group Co., Limited) ("Jiangsu Ruifeng") in the PRC as the plaintiff against CNL (Pinghu), an indirect non-wholly owned subsidiary of the Company, as the defendant in relation to the disputes arising from the consideration and completion of construction services under the construction contracting services agreement dated 8 October 2010, the construction agreement dated 17 December 2010 and the supplemental agreement dated 8 March 2011 (collectively referred to as the "Construction Agreements") entered into between CNL (Pinghu) and Jiangsu Ruifeng, to claim the outstanding construction cost of RMB13,150,000, the related interests and litigation costs of the case. Pursuant to the Construction Agreements, the total construction costs was RMB16,675,000. Jiangsu Ruifeng had issued invoices amounting to RMB29,126,000 in relation to the construction work they performed. The aggregated invoice amount was substantially different from the contracted amount. CNL (Pinghu) only settled the amount of RMB16,601,000 and was recorded as the cost of buildings as at 30 June 2012. On 24 April 2012, Jiangsu Ruifeng obtained a civil ruling against CNL (Pinghu), pursuant to which a bank deposit of RMB15,000,000 or equivalent amount of assets of CNL (Pinghu) were to be frozen, but the actual amount frozen was HK$222,000 as at 30 June 2012, which was significantly lower than the amount stated in the civil ruling. The frozen balance was released during the year ended 30 June 2013. On 14 January 2013, an independent construction consulting company, which was appointed by Pinghu District Court, issued a statement certifying the total construction cost incurred would be in a range between RMB15,093,000 (equivalent to approximately HK$19,142,000) and RMB18,766,000 (equivalent to HK$23,801,000). According to the relevant legal opinion dated on 29 July 2013, the possibility for Pinghu District Court for adopting the construction cost of RMB18,766,000 is higher. On 20 December 2013, the 浙江省平湖市人民法院 (People's Court of Pinghu City, Zhejiang Province) delivered a further civil ruling, pursuant to which, CNL (Pinghu) shall, after the said civil ruling came into force, pay to Jiangsu Ruifeng, among other things, a fee of RMB3,309,000 (equivalent to approximately HK$4,197,000) for the construction services rendered. CNL (Pinghu) filed an application to appeal to 浙江省嘉興市中級人民法院 (the Intermediate People's Court of Jiaxing City, Zhejiang Province). On 25 April 2014, 浙江省嘉興市中級人民法院 (the Intermediate People's Court of Jiaxing City, Zhejiang Province) upheld the original ruling of 浙江省平湖市人民法院 (People's Court of Pinghu City, Zhejiang Province) and the Company was required to pay approximately RMB4,223,000 (equivalent to approximately HK$5,333,000) to Jiangsu Ruifeng. Total provision has been made by the Group in this regard since 31 March 2014.

During the year ended 31 March 2015, the Company had received payment notice of approximately RMB2,897,000 (equivalent to approximately HK$3,660,000) and settled accordingly.

Since then, the Company did not receive any payment notice of the remaining amount of RMB1,326,000 (equivalent to approximately HK$1,649,000) from Jiangsu Ruifeng and therefore no payment was made by the Company during the year ended 31 March 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

Revenue of the Group for the Financial Year amounted to approximately HK$14,580,000, representing a decrease of approximately 21.57% as compared with the total revenue of approximately HK$18,589,000 that was recorded in the Previous Financial Year. The decrease was mainly attributable to a decrease in business of the trading of beauty equipment and products segment during the Financial Year. Loss attributable to the owners of the Company decrease to HK$222,462,000 for the Financial Year, a decrease of HK$37,810,000 from the loss of HK$260,272,000 that was recorded in the Previous Financial Year. The decrease of loss was primarily due no impairment for the interest in the associate and less amount of loss for change in fair value of investments in convertible bonds as they were all disposed during the Financial Year.

BUSINESS REVIEW

Trading of beauty equipment and products

The Group commenced the trading of beauty equipment and products since June 2013. During the Financial Year, revenue arising from the trading of beauty equipment and products amounted to approximately HK$14,580,000, representing a decrease of approximately 21.57% from the revenue in the amount of approximately HK$18,589,000 that was recorded in the Previous Financial Year. The trading revenue was adversely affected by the surge of the COVID-19 pandemic, resulting in decrease in both the turnover and gross profit.

Investments in Extrawell

Since 2013 the Company has acquired shares and convertible bonds issued by Extrawell Pharmaceutical Holdings Limited ("Extrawell"), a company listed on the main board of The Stock Exchange of Hong Kong Limited and Extrawell became an associate company of the Group. The Group's investments in Extrawell are recorded in the Group's consolidated statement of financial position under interests in associates and investments in convertible bonds.

On 23 June 2019, the Company entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with a substantial shareholder (the "Purchaser") to conditionally disposed of (i) 457,510,000 ordinary shares of Extrawell, represented 19.14% of the entire issued share capital of Extrawell (the "Sales Shares") and (ii) the convertiable bonds issued by Extrawell with an aggregate outstanding principal amount of HK$577,170,000 (the "Sales CBs") for a consideration of HK$270,000,000 (the "Disposal"). The Disposal constitutes a very substantial disposal under Chapter 14 of the Listing Rules a connected transaction for under Chapter 14A of the Listing Rules. Accordingly, the Disposal is subject to the shareholder's approval at the special general meeting.

The aggregate consideration for the Sale Shares and the Sale CBs was HK$270,000,000 (the "Consideration"). Amongst the Consideration, HK$50,000,000 was for the purchase of the Sale Shares and HK$220,000,000 who for the purchase of the Sale CBs. The Consideration was satisfied by the Purchaser in the following manner:

(i) a sum of HK$50,000,000 of cash paid by the Purchaser to the Company;

(ii) the balance of the Consideration (being HK$220,000,000) shall be paid and set off by the purchase by the Company from the Purchaser of HK$248,000,000 of the outstanding company convertible bonds issued by the Company which registered in the name of the Purchaser at a consideration of HK$220,000,000.

The Disposal was approved by the shareholders at the special general meeting held on 4 October 2019. On 8 October 2019, all conditions precedent under the Sale and Purchase Agreement have been fulfilled and the completion took place. The Group has not held any shares and convertible bonds of Extrawell upon completion of the Disposal and Extrawell was no longer be the associated company of the Group.

Research and development

The in-process research and development project (the "In-process R&D") represented an in-process research and development project involving an oral insulin product (the "Product"). The Group will inject additional resources into clinical trial of the In-process R&D and consolidate the effort of the project team in order to facility the development of it.

Thus far, the Group has financed the research and development segment with the Group's internal resources but remains active and open to other fund-raising and partnership activities to further develop the Group's portfolio and development.

The in-process R&D was recorded as intangible asset in Group's consolidated statement of financial position with carrying value of HK$1,373,224,000. The management performs the impairment assessment at the end of each reporting period.

The recoverable amount of the intangible asset is determined based on fair value calculations which used cash flow projections prepared by the management of the Group using certain key assumptions. Key assumptions for the fair value calculations were based on estimated cash inflows derived from budgeted sales and gross margin which estimated based on the expectations for the market development.

The expected future economic benefits attributable to the In-process R&D cover a 10 years period from the commercialisation of the Product. The calculation used in the cash flow projections with certain key parameters are as below:

	2020	2019
Discount rate (post-tax)	**24.64**	23.64%
Growth rate	**3**	3%
Gross profit ratio	**64.44**	64.44%

At the end of the Financial Year, the Directors of the Company have performed impairment assessments on the intangible asset by reference to the valuation conducted by Roma Appraisals Limited, an independent qualified valuer. The recoverable amount of the intangible asset is determined based on the estimated fair value of the In-process R&D. Based on the assessment, the recoverable amount of the Group's intangible asset is estimated to be higher than the carrying amount and therefore the Directors of the Company considered that no impairment is necessary as at 31 March 2020.

On 27 July 2018, a shareholders' loan agreement was entered into between the Company and Extrawell Group, pursuant to which, the Company and Extrawell agreed to advance a total sum of HK$30 million to Smart Ascent Limited in the proportion of 51% and 49%, respectively. The management considered that there is sufficient resources to funding the development of the Product.

The management of the Company is closely working with the contract research organization ("CRO"). The Part B of phase III clinical trials (the "Clinical Trial") had registered in the Center for Drug Evaluation, National Medical Products Administration ("NMPA") in October 2019.

Due to the outbreak of the coronavirus since early 2020, the normal operations of the participating hospitals for the Clinical Trial had been severely disrupted. In order to ensure the safety of patients and clinical researchers, research projects such as the Clinical Trial had been temporarily suspended and as result there had been a delay in the selection and enrolment of patients for the Clinical Trial.

Given that there is a large number of participating hospitals, the patients will be divided into different groups. Subject to the coronavirus situation improving, it is currently expected that the enrolment of the first batch of patients will commence in July 2020. The enrolment of patients will be an ongoing process and is expected to be completed during the period from January 2021 to March 2021.

As at the date of this announcement, The Group has invited 22 hospitals to participate in the Clinical Trial, of which 14 hospitals have already accepted the invitation.

Based on the currently available information, subject to the coronavirus situation improving, the Company expects that the Product would commence generating revenue for the Group in fourth quarter of 2022.

The Group will make further announcements depending on situation and in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") if there is any material development.

Convertible bonds issued by the Company

The Company acquired 51% interest in the share capital of Smart Ascent in the year of 2014. As part of the consideration of the acquisition of Smart Ascent, on 28 July 2014, the Company issued to Extrawell (the "Bondholder") the convertible bonds with 3.5% interest per annum for a conversion period of 7 years from the date of issue in the principal amount of HK$715,000,000 (the "Convertible Bond"). The interest is paid annually.

On 26 July 2019, the Company and the Bondholder entered into the amendment deed (the "Amendment Deed") in which the Company and the Bondholder have conditionally agreed to amend the interest payment terms of the Convertible Bond to the effect that i) the interest payment due dates would be amended from payment of interest in arrears annually to payment of interest for the period from 28 July 2018 to 27 July 2019, interest for the period form 28 July 2019 to 27 July 2020 and interest for the period 28 July 2020 to 27 July 2021 on or before 28 July 2021; and ii) the Company shall pay to the Bondholder a sum of additional interest in the amount of HK$11,261,250 on 28 July 2021 (representing 15% per annum on the annual interest payment under the Convertible Bond multiplied by three), being the additional interest for 2-year extension for the payment of interest for the period 28 July 2018 to 27 July 2019 and 1 year extension for payment of interest for the period 28 July 2019 to 27 July 2020.

The Amendment Deed was approved in special general meeting held on 8 October 2019 and all conditions precedent under the Amendment Deed have been fulfilled and those amendments took effect from 28 October 2019.

PROSPECTS

Trading of beauty equipment and products

The major trading products of the Group are beauty equipment and beauty products, and sales of these beauty equipment and beauty products represent the major component that contributes to the Group's revenue.

Revenues and profit margins of the Group from the trading segment have been relatively stable in the past and trading volume is the key determiner of the profitability of the segment. However, the recent political issues in Hong Kong and the trade conflicts between China and US will have an unpredictable impact on the economy in Hong Kong and China. Furthermore, the COVID-19 global pandemic has caused the temporary closure of the boarders and thus has affected the flow of goods and services of our trading activities and have negative effect on the Group's trading business turnover and projects. The Group anticipates that the recovery will commence in the fourth quarter of 2020. The Group will cautiously explore the trading business in Hong Kong and China. The Group will reinforce our risk management policy and will proactive in adopting timely measures to balance its risk and return in the long run. The Group competes by offering trading terms that are more favourable to its suppliers and vendors compared to the Group's competitors.

Securities investment

The management of the Group is optimistic on the long term recovery of the markets but they also remain cautious on the direction of the market in the near-term. The Group continues to manage a diverse portfolio of Asian stocks and bonds.

Research and development

Subject to the coronavirus situation improving, the Clinical Trials of the Product testing for the first group of subjects is expected to commence in August 2020. The timetable for obtaining the Certificate of New Medicine and the Pharmaceutical Manufacturing Permit, subject to the approval of NMPA and generating revenue of the Product has been adjusted from the mid of 2020 and January 2022 to late second quarter of 2022 and fourth quarter of 2022, respectively.

To further ensure that the Product will be able to commercialise by fourth quarter of 2022, the Group will also allocate more human resources to the project and strengthen its project team so that relevant personnel of the project team will regularly monitor the progress and make regular reports to the management of the Company so as to ensure the In-process R&D can be completed according to the Group's schedule.

Securities investment

The management of the Group is optimistic on the long-term recovery of the markets but they also remain cautious on the direction of the market in the near-term. The Group continues to invest in equity funds managed by a professional fund manager.

FINANCIAL REVIEW

Capital structure

	31 March 2020	31 March 2019
	HK$'000	*HK$'000*
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each (the "Shares")	**500,000**	500,000
Issued and fully paid:		
1,464,193,024 Shares	**14,642**	14,642

Liquidity and financial resources

As at 31 March 2020, the Group had bank and cash balances of approximately HK$22.9 million (31 March 2019: approximately HK$17.1 million).

As at 31 March 2020, total borrowings of the Group were approximately HK$835.7 million (31 March 2019: approximately HK$755.5 million) which reflected the debt value of the Company's unconverted convertible bonds, lease liabilities, amounts due to non-controlling interests, amounts due to former non-controlling interest, loans from a substantial shareholder, amount due to a former associate, loan from a former associate and loan from a non-controlling interest.

The ratio of current assets to current liabilities of the Group was 0.60 as at 31 March 2020 as compared to the 1.37 as at 31 March 2019. The Group's gearing ratio as at 31 March 2020 was 0.60 (31 March 2019: 0.50) which is calculated based on the Group's total liabilities of approximately HK$851.1 million (31 March 2019: approximately HK$783.9 million) and the Group's total assets of approximately HK$1,418.9 million (31 March 2019: approximately HK$1,578.8 million).

The Group places importance on security, short-term commitment, and availability of the surplus cash and cash equivalents.

Significant acquisition and investments

Save as mentioned above, the Group had no other significant investments, nor had it made any material acquisition or disposal of the Group's subsidiaries or associated companies during the Financial Period.

Charges on the Group's assets

As at 31 March 2020, the Group and the Company did not have any charges on their assets (31 March 2019: nil).

Contingent liabilities

Details of litigation and contingent liabilities are set out in note 15 of the consolidated financial statements of this announcement.

Foreign exchange exposure

The monetary assets and liabilities and businesses of the Group are mainly conducted in Hong Kong Dollars, Renminbi, and United States Dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risk being minimised through balancing the foreign currency monetary assets against foreign currency monetary liabilities, and foreign currency revenue against foreign currency expenditure. The Group did not use any financial instruments to hedge against foreign currency risk during the Financial Year. The Group will continue to monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

Number and numeration of employees

As at 31 March 2020, the Group had 29 full time employees (31 March 2019: 23), most of whom work in the Company's subsidiaries in the PRC. The increase in staff is due to the preparation of the commencement of the Clinical Trial in the coming future. It is the Group's policy that the remuneration of employees and Directors are in line with the market and commensurate with their responsibilities. Discretionary year- end bonuses are payable to the employees based on individual performance. Other employee benefits include medical insurance, retirement schemes, training programmes, and education subsidies.

Total staff costs including the Directors' remuneration for the Financial Year amounts to approximately HK$7.9 million (Previous Financial Year: approximately HK$6.2 million).

Segment information

Details of the segment information are set out in note 5 to the consolidated financial statements of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Financial Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with all the code provisions as set out in Appendix 14 to the Listing Rules (the "Code") during the Financial Year, except for the deviations discussed below.

Code provision A.2.1

Ms. Jiang Nian is the chairman of the Group. As at the date of this report, no suitable candidate has been identified and the role of chief executive officer remains vacant. The Company is continually looking for a suitable person to assume this role.

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term and should be subject to re-election.

The Company has deviated from the Code provision A.4.1. The non-executive Directors and independent non-executive Directors were not appointed for specific term but are subject to retirement by rotation and re-election at least once every three years in accordance with the provision of the Company's Bye-laws. As such, the Company considers that sufficient measures have been taken to serve the purpose of this Code provision.

Code provision E1.5

Code provision E.1.5 stipulates that the Company should have a policy on payment of dividends. The Company has not established a dividend policy as the Company considers it more appropriate to determine a dividend payment after taking into account those factors including the Company's then financial performance, operating and capital requirements and market conditions, to enable the Company be in a better position to cope with its future development, which is to the best interest of the Company and its shareholders as a whole.

The Directors believe that, despite the absence of specified terms for non-executive Directors, the Directors are committed to representing the long-term interests of the Company and its shareholders as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have fully complied with the Model Code throughout the Financial Year. No incident of non-compliance was noted by the Company in the Financial Year.

AUDIT COMMITTEE

The Company formulated written terms of reference for the audit committee of the Company (the "Audit Committee") in accordance with the requirements of the Listing Rules. The Audit Committee is composed of three independent non-executive directors. At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

The Group's consolidated financial statements for the Financial Year have been reviewed by the Audit Committee.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The auditor expressed a qualified opinion in the independent auditor's report on the consolidated financial statements of the Group for the ended 31 March 2020. The basis for qualified opinion is extracted as follows:

QUALIFIED OPINION

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Prior year's audit scope limitation affecting opening balances of comparative figures for the Group's intangible assets

The auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2019 contained a qualified of opinion on the limitation of audit scope in relation to the opening balance on the Group's intangible assets. Details of which had been set out in the auditor's report dated 28 June 2019.

As the consolidated financial statements of the Group for the year ended 31 March 2019 formed the basis for the comparative figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the opening balances (i.e. 1 April 2018) on the intangible asset would have a significant effect on the results of the year ended 31 March 2019 and the related disclosures thereof for the comparative figures for the year ended 31 March 2020.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN

We draw attention in note 3(a) to the consolidated financial statements which describes that the Group has net current liabilities of approximately HK$28,354,000 for the year ended 31 March 2020. These conditions, along with other matters as set in note 3(a) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of on this matter.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.ipb.asia and www.irasia.com/listco/hk/ipb) and the Stock Exchange (www.hkex.com.hk). The annual report of the Company for the Financial Year containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the above websites in due course.

By Order of the Board
Innovative Pharmaceutical Biotech Limited
Tang Rong
Executive Director

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises Ms. Jiang Nian (chairman & non-executive director), Mr. Gao Yuan Xing (executive director), Mr. Tang Rong (executive director), Ms. Huang He (executive director), Ms. Xiao Yan (non-executive director), Ms. Wu Yanmin (non-executive director), Ms. Chen Weijun (independent non-executive director), Dr. Zhang Zhihong (independent non-executive director) and Mr. Wang Rongliang (independent non-executive director).