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## **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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

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 2023 (the “**Financial Year**”) together with the comparative figures for the year ended 31 March 2022 (the “**Previous Financial Year**”) as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	<b>8,075</b>	11,145
Cost of sales		<u>(7,217)</u>	<u>(10,091)</u>
Gross profit		<b>858</b>	1,054
Other income	6	<b>49</b>	83
Other gains and losses, net	6	<b>180</b>	250,734
Administrative expenses		<b>(17,031)</b>	(17,243)
Research and development expenses		<b>(4,758)</b>	(8,246)
Finance costs	7	<u><b>(233,969)</b></u>	<u>(189,951)</u>
(Loss)/profit before income tax		<b>(254,671)</b>	36,431
Income tax expense	8	<u>—</u>	<u>—</u>
(Loss)/profit for the year	9	<u><b>(254,671)</b></u>	<u>36,431</u>
Other comprehensive (expenses)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u><b>(33)</b></u>	<u>129</u>
Other comprehensive (expense)/income for the year		<u><b>(33)</b></u>	<u>129</u>
Total comprehensive (expenses)/income for the year		<u><b>(254,704)</b></u>	<u><b>36,560</b></u>

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		<b>(245,698)</b>	45,803
Non-controlling interests		<b>(8,973)</b>	(9,372)
		<u><b>(254,671)</b></u>	<u>36,431</u>
 Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		<b>(245,707)</b>	45,985
Non-controlling interests		<b>(8,997)</b>	(9,425)
		<u><b>(254,704)</b></u>	<u>36,560</u>
		<i>HK cents</i>	<i>HK cents</i>
 (Loss)/earnings per share	 11		
Basic		<u><b>(16.78)</b></u>	<u>3.13</u>
Diluted		<u><b>(16.78)</b></u>	<u>(3.59)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets		<b>941</b>	2,822
Intangible asset	<i>12</i>	<b>1,373,224</b>	1,373,224
		<b>1,374,165</b>	1,376,046
Current assets			
Trade receivables	<i>13</i>	<b>6,167</b>	9,260
Prepayments, deposits and other receivables		<b>2,385</b>	5,607
Bank balances and cash		<b>1,331</b>	4,083
		<b>9,883</b>	18,950
Current liabilities			
Trade payables	<i>14</i>	<b>4,022</b>	8,153
Lease liabilities		<b>968</b>	1,881
Accruals and other payables		<b>2,972</b>	3,975
Amounts due to non-controlling interests		<b>3,092</b>	3,092
Amounts due to former non-controlling interest		<b>724</b>	724
Loans from a substantial shareholder		<b>51,000</b>	40,000
Loan from a former associate		<b>6,007</b>	—
Amount due to a former associate		<b>41,947</b>	41,947
Convertible bonds		<b>1,036,312</b>	—
		<b>1,147,044</b>	99,772
Net current liabilities		<b>(1,137,161)</b>	(80,822)
Total assets less current liabilities		<b>237,004</b>	1,295,224

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Convertible bonds	<b>68,510</b>	871,791
Lease liabilities	—	968
Loan from a non-controlling interest	<b>10,346</b>	10,346
Loan from a former associate	<b>17,586</b>	16,853
	<u>96,442</u>	<u>899,958</u>
<b>NET ASSETS</b>	<b><u>140,562</u></b>	<b><u>395,266</u></b>
Capital and reserves		
Share capital	<b>14,642</b>	14,642
Reserves	<b>(809,716)</b>	(564,009)
Equity attributable to owners of the Company	<b>(795,074)</b>	(549,367)
Non-controlling interests	<b>935,636</b>	944,633
<b>TOTAL EQUITY</b>	<b><u>140,562</u></b>	<b><u>395,266</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2023*

## 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, including but not limited to the followings:

- (i) The Group has net current liabilities of approximately HK\$1,137,161,000 as at 31 March 2023 and incurred operating cash outflow of approximately HK\$17,640,000 for the year ended 31 March 2023, while cash and cash equivalents amounted to HK\$1,331,000 only;
- (ii) The Group has outstanding convertible bonds with principal amounts of HK\$971,000,000 to be mature in July 2023, October 2023 and December 2023 respectively;
- (iii) The Group has outstanding loans from a substantial shareholder and loan from a former associate amounted to HK\$51,000,000 and HK\$6,007,000 would be due for repayment within the next 12 months; and
- (iv) The Group’s major assets, being the development of oral insulin product in the PRC, is currently under the stage of Phase III clinical trial (“**Clinical Trial**”), the validity of future cash flow arising from the commercialisation of the oral insulin product is depending on the successful of the Clinical Trial and obtaining the necessary approval from National Medical Products Administration.

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 and confirm in written that they will not demand for repayment of approximately HK\$41,947,000 of amount due to a former associate and HK\$6,007,000 of loan from a former associate as at 31 March 2023 for a period of at least 12 months from the date of approval of these consolidated financial statements.
- (ii) The Company obtained the financial support of the substantial shareholder and confirm in written that they will not demand for the loan of HK\$51,000,000 as at 31 March 2023 for a period of at least 12 months from the date of approval of these financial statements and 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.
- (iii) The management of the Company is currently working on the Clinical Trial which has been commenced in July 2020 and around 300 patients have been selected and enrolled in the Clinical Trial as at 31 March 2023. The management is making every effort to achieve the expected timeline that the oral insulin product will be launched in the first quarter of 2025. As at the date of this report, there is no negative feedback from the Clinical Trial. The Group performs annual tests of impairment on intangible asset and no impairment is required.
- (iv) The Company is actively negotiating with the convertible bondholders for renewal the maturity of the convertible bonds.
- (v) The management of Company is looking for other financing and borrowing opportunity.
- (vi) On 28 April 2023, the Company and Extrawell Pharmaceutical Holdings Limited (“**Extrawell**”), the former associate of the Company, entered into the third deed of amendment pursuant to which the Company and Extrawell have conditionally agreed to amend the terms of the convertible bonds to the effect that: (i) the Maturity Date shall be extended from the original maturity date to 28 July 2025; and (ii) the interest payment date of the convertible bonds shall be further amended.

The third deed of amendment was approved in special general meeting held on 28 June 2023.

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.

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 to complete the Clinical Trial and the Product have launch in first quarter of 2025; and
- (ii) Successful negotiation with the bondholders of the convertible bond for renewal the maturity of the convertible bonds.

Should the above measures not be implemented as planned, the adoption of going concern basis may not be appropriate, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, and 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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 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 for the year, is analysed as follows:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of beauty products in Hong Kong and recognised at a point in time	<u><b>8,075</b></u>	<u>11,145</u>

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

The Group has two (2022: two) reportable and operating segments as follows:

- (a) trading of beauty products in Hong Kong (“**Trading of beauty products**”)
- (b) research, development and commercialisation of the oral insulin product (“**Research and development**”)

The Group’s reportable and operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

## Segment revenues and results

The accounting policies of the operating segments are the same as those described in the consolidated financial statements. Segment loss represents the loss incurred by each segment without allocation of corporate and other expenses and other income, interest expenses on convertible bonds and gain on modification of convertible bonds, other gains and losses, net. All assets are allocated to segments other than corporate assets. All liabilities are allocated to segments other than corporate liabilities, lease liabilities, amounts due to a former associate, non-controlling interests and former non-controlling interest, loan from a substantial shareholder, a former associate and a non-controlling interest and convertible bonds.

	Trading of beauty products		Research and development		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue from external customers	<u>8,075</u>	<u>11,145</u>	<u>—</u>	<u>—</u>	<u>8,075</u>	<u>11,145</u>
Segment loss	(463)	(365)	(12,979)	(13,174)	(13,442)	(13,539)
Additional disclosures for operating segments:						
Unallocated other income, gains and losses, net					49	—
Interest expenses on convertible bonds					(233,031)	(189,131)
Corporate and other expenses					(8,247)	(11,552)
Gain on modification of convertible bonds					—	250,653
(Loss)/profit before income tax					(254,671)	36,431
Income tax expense					—	—
(Loss)/profit for the year					<u>(254,671)</u>	<u>36,431</u>

## Segment assets and liabilities

	Trading of beauty products		Research and development		Total	
	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>						
Segment assets	6,240	9,333	1,375,108	1,378,993	1,381,348	1,388,326
Corporate and other assets					2,700	6,670
<b>Total assets</b>					<b>1,384,048</b>	<b>1,394,996</b>
<b>Liabilities</b>						
Segment liabilities	4,022	8,153	18,243	18,794	22,265	26,947
Convertible bonds					1,104,822	871,791
Corporate and other liabilities					116,399	100,992
<b>Total liabilities</b>					<b>1,243,486</b>	<b>999,730</b>

## Amounts included in measure of segment profit or loss and segment assets

### For the year ended 31 March 2023

	Trading of beauty products	Research and development	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	—	—	1,881	1,881
Reversal for ECL, net recognised in profit or loss	180	—	—	180

For the year ended 31 March 2022

	Trading of beauty products <i>HK\$'000</i>	Research and development <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Addition to non-current assets	—	—	3,763	3,763
Depreciation	—	—	(2,130)	(2,130)
Reversal for ECL, net recognised in profit or loss	81	—	—	81
	<u>81</u>	<u>—</u>	<u>—</u>	<u>81</u>

### 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 customer is located in PRC.

Over 90% of the Group's non-current assets are principally attributable to the PRC, being the single geographical region.

### Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	<u>8,075</u>	<u>11,145</u>

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

## 6. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Other income</i>		
Interest income from banks	—	1
Interest income from rental deposit	—	2
Sundry income	<b>1</b>	80
Government grants ( <i>note</i> )	<b>48</b>	—
	<u><b>49</b></u>	<u>83</u>
<i>Other gains and losses, net</i>		
Reversal of ECL, net	<b>180</b>	81
Gain on modification of convertible bonds	—	250,653
	<u><b>180</b></u>	<u>250,734</u>

*Note:* During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$48,000 in respect of Covid-19-related subsidies, which related to Employment Support Scheme provided by the Hong Kong Government. There were no unfulfilled conditions or contingencies relating to these government grants.

## 7. FINANCE COSTS

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Effective interest expense on convertible bonds	<b>233,031</b>	189,132
Imputed interest expense on loan from a former associate	<b>860</b>	735
Interest on lease liabilities	<b>78</b>	84
	<u><b>233,969</b></u>	<u>189,951</u>

## 8. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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% (2022: 25%).

No Hong Kong Profits Tax and PRC on Enterprise Income Tax have been made for the year (2022: Nil).

## 9. (LOSS)/PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year has been arrived at after charging the following:		
Auditor’s remuneration	950	1,000
Depreciation of right-of-use assets	1,881	2,130
Expenses relating to short-term lease payment	244	411
Cost of inventories recognised as an expense	7,217	10,091
Staff costs, exclusive of directors’ emoluments		
Salaries and other benefits	3,888	4,781
Retirement benefits scheme contributions	90	121
	<u>3,978</u>	<u>4,902</u>

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: HK\$nil).

## 11. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings figures are calculated as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company and (loss)/earnings for the purpose of basic (loss)/earnings per share	<b>(245,698)</b>	45,803
Effect of dilutive potential ordinary shares:		
Gain on modification of convertible bonds	—	(250,653)
Effective interest expense on convertible bonds	—	142,001
	<u>          </u>	<u>          </u>
Loss for the purpose of diluted loss per share	<b><u>(245,698)</u></b>	<b><u>(62,849)</u></b>
<i>Number of shares</i>		
	<b>2023</b> <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>1,464,193</b>	1,464,193
Effect of dilutive potential ordinary shares:		
Convertible bonds	—	286,000
	<u>          </u>	<u>          </u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b><u>1,464,193</u></b>	<b><u>1,750,193</u></b>

The computation of diluted loss per share for the year ended 31 March 2023 does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would decrease in loss per share for that year.



## 12. INTANGIBLE ASSET

In-process  
R & D  
HK\$'000

### COST AND CARRYING VALUES

As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023

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**”). 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 under the Renewed THU Collaboration Agreement.

The recoverable amount of the In-process R&D is determined based on fair value calculation using the income approach, with reference to the valuation performed by Roma Appraisal Limited, an independent professional qualified valuers. The fair value calculation used the cash flow projection prepared by the Directors based on the 10-year projection period. Given the nature of the Product, which is expected to be the first oral insulin drug available in the market, in the opinion of the Directors, using a 10-year projection period is more appropriate to reflect the future cash flow arising from the Product in the long run.

The cash flow projection is also prepared under certain key assumptions, including but not limited to the expected selling price, budgeted sales, expected gross margin, the estimate successful rate for the commercialisation of the Product and discount rate. 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 National Medical Products Administration of the PRC) to launch the Product in the first quarter of 2025.

### 13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly based on credit. The credit terms of 90 days (2022: 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 net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
30 days or less	<b>505</b>	316
31 to 60 days	<b>491</b>	320
61 to 90 days	<b>695</b>	741
91 to 180 days	<b>2,134</b>	3,138
Over 180 days	<b>2,342</b>	4,745
	<hr/> <b>6,167</b> <hr/>	<hr/> 9,260 <hr/>

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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
30 days or less	<b>440</b>	301
31 to 60 days	<b>428</b>	306
61 to 90 days	<b>623</b>	688
Over 90 days	<b>2,531</b>	6,858
	<b><u>4,022</u></b>	<b><u>8,153</u></b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Group Results

Revenue of the Group for the Financial Year amounted to approximately HK\$8,075,000, representing a decrease of approximately 27.5% as compared with the total revenue of approximately HK\$11,145,000 that was recorded in the Previous Financial Year. The decrease was mainly attributable to the decrease in business of the trading of beauty equipment and products segment during the Financial Year. The Group recorded a loss attributable to the owners of the Company amounted to approximately HK\$245,698,000 for the Financial Year as compared to profit of HK\$45,803,000 in Previous Financial Year. The change from profit to loss is mainly due to an amount of approximately HK\$250,654,000 represented a gain on modification of convertible bonds was recorded in Previous Financial Year. There is no such gain for the Financial Year. Furthermore, the effective interest expense on convertible bonds was increased by approximately HK\$43,899,000 for the Financial Year.

### Trading of beauty equipment and products

During the Financial Year, revenue from the trading of beauty equipment and products amounted to approximately HK\$8,075,000, representing a decrease of approximately 27.5% from the revenue in the amount of approximately HK\$11,145,000 that was recorded in the Previous Financial Year. The decrease in trading revenue was mainly due to the COVID-19 pandemic is still affecting the business.

### 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 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.

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 2023.

Prior to the commercialisation of the Product, the Group will need to go through, among others, the following key development stages: (i) execution of clinical trial testing; (ii) data and outcome analysis; (iii) preparation of the outcome report; (iv) entering into of production arrangement; (v) sourcing of raw materials; (vi) possible marketing activities or pre-sales preparation work; (vii) submission of the clinical trial report to National Medical Products Administration; (viii) applying for the new medicine certificate and the manufacturing permit.

The management of the Company is closely working with the contract research organization (the “**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.

The enrolment of the first batch of patients for the Clinical Trial testing has commenced in July 2020. At the end of the Financial Year, around 300 patients have been enrolled in selected participating hospitals to take place in the Clinical Trial. The enrolment of patients will be an ongoing process.

Due to various anti-epidemic measures for the coronavirus pandemic outbreak, 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. Based on the latest information available to the Company and subject to the development of COVID-19 epidemic, the Product is expected to be launched in the market and available for sale at selected hospitals by first quarter of 2025. The Group is expected to generate a stable source of revenue and profit after the launch of the Product taking into account that (i) there is massive demand in the PRC for innovative insulin products in light of the growing diabetic population; (ii) once the Product is launched, it is expected to become the first oral insulin drug available in the market; (iii) the Product is expected to be sold at a reasonable price range and will provide a superior and effective treatment method for diabetes patients; and (iv) once the Product is launched, it will be protected for a period of 5 years under the current regulations in the PRC which prohibits other companies from manufacturing and/or undergoing clinical trial for similar products.

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.

The in-process R&D held by the Group, through Fosse Bio-Engineering Development Limited (“**Fosse Bio**”). Fosse Bio is a subsidiary of Smart Ascent Limited (“**Smart Ascent**”). The Group and Extrawell Pharmaceutical Holdings Limited (“**Extrawell**”) and its subsidiaries (“**Extrawell Group**”), owns 51% and 49% of equity interest in Smart Ascent respectively. Extrawell is a company listed on the main board of the Stock Exchange of Hong Kong Limited.

### **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 Bonds**”). The interest was originally 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 agreed to amend the interest payment terms of the Convertible Bonds to the effect that i) the payment of the interest payable in year of 2019 to year of 2021 would be made on or before the maturity date of the Convertible Bonds, i.e. 28 July 2021 (the “**Maturity Date**”); and ii) additional interest of HK\$11,262,259 (the “**Additional Interest**”) would be paid on 28 July 2021.

On 12 May 2021, the Company and the Bondholder entered into the second deed of Amendment (the “**Second Deed of Amendment**”) pursuant to which the Company and the Bondholder agreed to amend the interest payment terms of the Convertible Bonds to the effect that: (i) the interest payment due dates was amended to payment of interest for the period from 28 July 2018 to 27 July 2023 on 28 July 2023; (ii) the Company was required to pay to the Bondholder the additional interest in the amount of HK\$3,753,750 for one-year extension for payment of interest for the year from 28 July 2021 to 27 July 2022 on 28 July 2023; and (iii) the Company was required to pay the Bondholder the additional interest of HK\$25,900,875 on 28 July 2023.

On 28 April 2023, the Company and the Bondholder entered into a third deed of amendment (the “**Third Deed Amendment**”) pursuant to which the Company and the Bondholder have conditionally agreed to amend the terms of the Convertible Bonds (as amended by the Amendment Deed) (the “**Third Amendment**”) to the effect that:

(a) the Maturity Date shall be extended from 28 July 2023 to 28 July 2025;

(b) the interest date and interest payment date of the Convertible Bonds (as amended by the First Deed of Amendment and Second Deed of Amendment) shall be further amended and superseded as follows:

(i) the Convertible Bonds shall bear interest on the principal amount thereof in accordance with the following interest rate and payment schedule:

<b>Interest Period</b>	<b>Interest Rate</b>	<b>Payment due dates</b>
28 July 2014 to 27 July 2015	3.5% per annum on the principal amount of the Convertible Bonds	On or before 28 July 2015
28 July 2015 to 27 July 2016	3.5% per annum on the principal amount of the Convertible Bonds	On or before 28 July 2016
28 July 2016 to 27 July 2017	3.5% per annum on the principal amount of the Convertible Bonds	On or before 28 July 2017
28 July 2017 to 27 July 2018	3.5% per annum on the principal amount of the Convertible Bonds	On or before 28 July 2018
28 July 2018 to 27 July 2019	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2019 to 27 July 2020	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2020 to 27 July 2021	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2021 to 27 July 2022	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2022 to 27 July 2023	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2023 to 27 July 2024	4.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2024 to 27 July 2025	4.5% per annum on the principal amount of the Convertible Bonds	28 July 2025

Save for the Third Amendment, the terms and conditions of the Convertible Bonds remain intact and unchanged.

The Third Deed Amendment was approved in special general meeting held on 28 June 2023.

## **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. Following the anti-epidemic measures were released and the economic activities return to normal. The Group anticipates that the trading business will pick up gradually. 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.

### **Research and development**

The Clinical Trial testing of the Product for the first group has commenced in July 2020. Due to the outbreak of the coronavirus pandemic, 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 late fourth quarter of 2023 and mid of 2024 to late third quarter of 2024 and first quarter of 2025, respectively.

To further ensure that the Product will be able to commercialise by first quarter of 2025, the Group will work closely with the CRO and strengthen the 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.



## FINANCIAL REVIEW

### Capital structure

	<b>31 March 2023 HK\$'000</b>	31 March 2022 HK\$'000
Authorised: 50,000,000,000 ordinary shares of HK\$0.01 each (the “Shares”)	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 1,464,193,024 Shares	<u><u>14,642</u></u>	<u><u>14,642</u></u>

### Liquidity and financial resources

As at 31 March 2023, the Group had bank and cash balances of approximately HK\$1.3 million (31 March 2022: approximately HK\$4.1 million).

As at 31 March 2023, total borrowings of the Group were approximately HK\$1,236.5 million (31 March 2022: approximately HK\$987.6 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, loan 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 0.01 as at 31 March 2023 as compared to the 0.19 as at 31 March 2022. The Group’s gearing ratio as at 31 March 2023 was 0.90 (31 March 2022: 0.72) which is calculated based on the Group’s total liabilities of approximately HK\$1,243.5 million (31 March 2022: approximately HK\$999.7 million) and the Group’s total assets of approximately HK\$1,384.0 million (31 March 2022: approximately HK\$1,395.0 million).

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

### Significant acquisition and investments

The Group had no 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 2023, the Group and the Company did not have any charges on their assets (31 March 2022: nil).

## **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 2023, the Group had 22 full time employees (31 March 2022: 25), most of whom work in the Company's subsidiaries in the PRC. 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\$6.3 million (Previous Financial Year: approximately HK\$7.2 million).

## **Segment information**

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

## **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.

## **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 announcement, 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. Except for one of the independent non-executive Director has been appointed for a specific term and is subject to re-election, other 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.

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.

### **Code provision E.1.5**

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.

## **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.

## **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 2023 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.

## **EXTRACT FROM INDEPENDENT AUDITOR’S REPORT**

The auditor of the Company expressed a disclaimer of opinion in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2023. The basis for disclaimer of opinion is extracted as follows:

We do not express an opinion on the consolidated financial statements of the Group because of the significance of the matters and the potential interaction of the multiple uncertainties related to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an 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**

### *Multiple uncertainties related to going concern*

As discussed in note 2 to the consolidated financial statements, which indicates that the Group incurred operating cash outflow of approximately HK\$17,640,000 and the Group had net current liabilities of HK\$1,137,161,000. As the same date, the Group's convertible bonds, loans from a substantial shareholder and loan from a former associate amounted to HK\$1,036,312,000, HK\$51,000,000 and HK\$6,007,000 would be due for repayment within the next 12 months, while its cash and cash equivalents amounted to HK\$1,331,000 only.

In addition, the Group's major assets, being the development of oral insulin product in the PRC, is currently under the stage of Phase III clinical trial ("**Clinical Trial**"), the validity of future cash flow arising from the commercialisation of the oral insulin product is depending on the successful of the Clinical Trial and obtaining the necessary approval from National Medical Products Administration. The management expected the oral insulin product will be launched in the first quarter of 2025.

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

The directors of the Company have been undertaking several measures to mitigate the Group's liquidity pressure and to improve its financial position, which are set out in note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of the going concern assumption is dependent on the outcome of these measures, which are subject to multiple uncertainties including whether (i) successful to complete the Clinical Trail and the oral insulin product have launch in the first quarter of 2025; (ii) successful on renewal the maturity of the convertible bonds with bondholder; (iii) new financing will be obtained to support its Clinical Trial; and (iv) successful on renewal the maturity of the loan with substantial shareholder and loan from a former associate. As a result of there multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the going concern assumption be inappropriate, and 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. The effects of these adjustments have not been reflected in these consolidated financial statements.

## MANAGEMENT’S POSITION AND ASSESSMENT ON THE AUDITOR’S DISCLAIMER OPINION

The auditor of the Company (the “**Auditor**”) had raised concern on the Group’s ability to operate as a going concern and expressed a disclaimer opinion in the independent auditor’s report on the consolidated financial statements of the Group for the ended 31 March 2023 (the “**Disclaimer Opinion**”). Please refer to section headed “Basis for Disclaimer of Opinion” in the “Extract from Independent Auditor’s Report” of this announcement for more details.

In preparing these consolidated financial statements, the directors of the Company (the “**Directors**”) have considered the future liquidity of the Group, including but not limited to the followings:

- (i) The Group has net current liabilities of approximately HK\$1,137,161,000 as at 31 March 2023 and incurred operating cash outflow of approximately HK\$17,640,000 for the year ended 31 March 2023 while cash and cash equivalents amount to HK\$1,331,000 only;
- (ii) The Group has outstanding convertible bonds with principal amounts of HK\$971,000,000 to be mature in July 2023, October 2023 and December 2023 respectively;
- (iii) The Group has outstanding loans from a substantial shareholder and loan from a former associate amounted to HK\$51,000,000 and HK\$6,007,000 would be repayable during the next 12 months; and
- (iv) The Group’s major assets, being the development of oral insulin product in the PRC, is currently under the stage of Phase III clinical trial (“**Clinical Trial**”), the validity of future cash flow arising from the commercialisation of the oral insulin product is depending on the successful of the Clinical Trial and obtaining the necessary approval from National Medical Products Administration.

As the result of these multiple uncertainties, their interaction, and the possible cumulative effect thereof, the Auditor were unable to form an opinion as to whether the going concern of preparation is appropriate.

In view of the uncertainties relating to going concern, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: -

- (i) The Company obtained a confirmation from the Group's former associate and confirm in written that they will not demand for repayment of approximately HK\$41,947,000 of amount to a former associate and HK\$6,007,000 of loan from a former associate as at 31 March 2023 for a period of at least 12 months from the date of approval of these financial statements.
- (ii) The Company obtained the financial support of the substantial shareholder and confirm in written that they will not demand for the loan of HK\$51,000,000 as at 31 March 2023 for a period of at least 12 months from the date of approval of these financial statements and 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.
- (iii) The management of the Company is currently working on the Clinical Trial which has been commenced in July 2020 and around 300 patients have been selected and enrolled in the Clinical Trial as at 31 March 2023. The management is making every effort to achieve the expected timeline that the oral insulin product will be launched in the first quarter of 2025. As at the date of this announcement, there is no negative feedback from the Clinical Trial. The Group performs annual tests of impairment on intangible asset and no impairment is required.
- (iv) The Company is actively negotiating with the convertible bondholders for renewal the maturity of the convertible bonds.
- (v) The management of the Company is looking for other financing and borrowing opportunity.
- (vi) On 28 April 2023, the Company and Extrawell Pharmaceutical Holdings Limited ("**Extrawell**"), the former associate of the Company, entered into the third deed of amendment pursuant to which the Company and Extrawell have conditionally agreed to amend the terms of the convertible bonds to the effect that: (i) the Maturity Date shall be extended from the original maturity date to 28 July 2025; and (ii) the interest payment date of the convertible bonds shall be further amended (the "**Third Deed of Amendment**").

The Third Deed of Amendment was approved in special general meeting held on 28 June 2023.

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.

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 to complete the Clinical Trial and the Product have launch in the first quarter of 2025; and
- (ii) Successful negotiation with the bondholders of the convertible bond for renewal the maturity of the convertible bonds.

Should the above measures not be implemented as planned, the adoption of going concern basis may not be appropriate, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts and 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.

The Group will implement the measures and plans as set out above in in order to resolving its liquidity problem. It endeavors to resolve the Disclaimer Opinion issue in the next financial year. However, as mentioned above, there are still uncertainties as to whether the Group will be able to implement the plans and measures successfully. If any of plans or measures fail to implement, the going concern issue will subsist and the timing of removing the Disclaimer Opinion may be delayed.

## **AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION**

The Audit Committee has reviewed the management's position and assessment concerning the Disclaimer Opinion and concurred with the position of the management to the Disclaimer Opinion and the basis thereof.



## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company ([www.ipb.asia](http://www.ipb.asia) and [www.irasia.com/listco/hk/ipb](http://www.irasia.com/listco/hk/ipb)) and the Stock Exchange ([www.hkex.com.hk](http://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 2023

*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. Xiao Yan (non-executive director), Ms. Wu Yanmin (non-executive director), Ms. Chen Weijun (independent non-executive director), Mr. Chen Jinzhong (independent non-executive director) and Mr. Wang Rongliang (independent non-executive director).*