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 2025

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 2025 (the "**Financial Year**") together with the comparative figures for the year ended 31 March 2024 (the "**Previous Financial Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	5	**2,091**	6,593
Cost of sales		**(1,903)**	(5,753)
Gross profit		**188**	840
Other income, gains and losses, net	6	**(8)**	330,304
Impairment loss on intangible assets		**(296,984)**	—
Administrative expenses		**(11,354)**	(12,919)
Research and development expenses		**(2,089)**	(1,421)
Finance costs	7	**(260,099)**	(218,097)
(Loss)/Profit before income tax	8	**(570,346)**	98,707
Income tax expense	9	**—**	—
(Loss)/Profit for the year		**(570,346)**	98,707
Other comprehensive expenses for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(7)**	(298)
Other comprehensive expenses for the year, net of tax		**(7)**	(298)
Total comprehensive (expenses)/income for the year		**(570,353)**	98,409

	Note	**2025** HK$'000	2024 HK$'000
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(345,937)**	103,403
Non-controlling interests		**(224,409)**	(4,696)
		(570,346)	98,707
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(345,944)**	103,102
Non-controlling interests		**(224,409)**	(4,693)
		(570,353)	98,409
		HK cents	*HK cents*
(Loss)/earnings per share	11		
Basic		**(20.01)**	6.77
Diluted		**(20.01)**	(0.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Intangible assets	12	**1,076,240**	1,373,224
Current assets			
Trade receivables	13	**3,371**	4,905
Prepayments, deposits and other receivables		**1,815**	1,819
Bank balances and cash		**3,703**	3,075
		8,889	9,799
Current liabilities			
Trade payables	14	**139**	1,853
Accruals and other payables		**10,410**	7,526
Amounts due to the Non-controlling Interests		**3,092**	3,092
Amounts due to former non-controlling interests		**724**	724
Loan from the Substantial Shareholder		**8,190**	62,300
Loans from the Former Associate		**—**	18,355
Amount due to the Former Associate		**41,947**	41,947
Convertible bonds		**907,563**	255,804
		972,065	391,601
Net current liabilities		**(963,176)**	(381,802)
Total assets less net current liabilities		**113,064**	991,422

	Note	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Convertible bonds		**41,814**	655,346
Loan from the Non-controlling Interests		**10,346**	10,346
Loans from the Former Associate		**35,563**	6,299
		87,723	671,991
NET ASSETS		**25,341**	319,431
Capital and reserves			
Share capital	15	**18,222**	17,232
Deficiency of reserves		**(699,415)**	(628,744)
Deficit attributable to owners of the Company		**(681,193)**	(611,512)
Non-controlling interests		**706,534**	930,943
TOTAL EQUITY		**25,341**	319,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 and its principal place of business are disclosed in the Corporate Information section to the annual report.

The directors consider that Dr. Mao Yumin ("**Dr. Mao**") is the substantial shareholder (the "**Substantial shareholder**") of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the trading of beauty products in Hong Kong and the research, development and commercialisation of the oral insulin product.

The functional currency of the Company is Hong Kong dollar ("**HK$**"), which is the same as the presentation currency of the consolidated financial statements.

The amounts stated are rounded to the nearest HK$1,000 unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions 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:

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

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("**HKFRS 18**"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements ("**HKAS 1**"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors* and HKFRS 7 *Statement of Cash Flows* ("**HKAS 7**"). Minor amendments to HKAS 7 and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group's consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's future consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern consideration

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

In preparing these consolidated financial statements, the directors have considered the future liquidity of the Group, including but not limited to the followings:

(i) During the year ended 31 March 2025, the Group incurred a loss attributable to owners of the Company of approximately HK$345,937,000 (2024: generated a profit of approximately HK$103,403,000). In addition, as at 31 March 2025, the Group had net current liabilities and deficit attributable to owners of the Company of approximately HK$963,176,000 and HK$681,193,000 (2024: HK$381,802,000 and HK$611,512,000), respectively;

(ii) As at 31 March 2025, the Group had amounts due to the Non-controlling Interests, amounts due to former non-controlling interests, amount due to the Former Associate, loan from the Substantial Shareholder, loans from the Former Associate and convertible bonds with an aggregate amount of approximately HK$961,516,000 (2024: HK$382,222,000) which would be due and repayable within one year, while its bank balances and cash amounted to approximately HK$3,703,000 (2024: HK$3,075,000) only; and

(iii) The Group's business of the research, development and commercialisation of the oral insulin product involves with significant expenditures for research and development activities.

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.

In view of the aforementioned, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) On 27 July 2023, the Company and the Substantial Shareholder of the Company, i.e. Dr. Mao entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Substantial Shareholder has conditionally agreed to subscribe for, the convertible bond in the principal amount of HK$55,500,000, i.e. the Convertible Bonds VI, by way of offsetting in full on a dollar-to-dollar basis against the outstanding aggregate principal amount payable by the Company to the Substantial Shareholder under the Shareholder Loan in the amount of HK$55,500,000. The issuance of the Convertible Bonds VI was completed on 21 June 2024;

(ii) The Company obtained the letter of financial support from the Substantial Shareholder (the "**Substantial Shareholder Letter of Support**") and pursuant to which the Substantial Shareholder confirms that: (a) the Substantial Shareholder agreed not to request the Group to repay the loan from the Substantial Shareholder of approximately HK$8,190,000 as at 31 March 2025 for a period of at least 12 months from the date of approval of these consolidated financial statements; (b) the Substantial Shareholder agreed to provide necessary funds to the Group to complete the research, development and commercialisation of the oral insulin product as described in note 12, if necessary; and (c) the Substantial Shareholder agreed to provide sufficient funds to the Group so that the Group will be able to meet all the liabilities and financial obligations as and when they fall due in the coming twelve months from 31 March 2025 and to continue as a going concern; and

(iii) The Company obtained a confirmation from the Group's Former Associate (the "**Former Associate Confirmation**") and pursuant to which the Former Associate agreed not to request the Group to repay the amount due to the Former Associate amounted to approximately HK$41,947,000 as at 31 March 2025 for a period of at least 12 months from the date of approval of these consolidated financial statements.

Together with the abovementioned plans and measures, the management of the Company is also implementing the following plans and measures (together, the "**Plans and Measures**") to improve the financial position and alleviate the liquidity pressure:

(i) The management of the Company is actively negotiating with the Former Associate to restructure and/or extend the Convertible Bonds III which would be due and repayable within one year (the "**Convertible Bonds Restructuring Plan**"). The directors are confident that the Convertible Bonds Restructuring Plan will ultimately reach a conclusion based on the recently communications with the Former Associate;

(ii) Further, the directors of the Company are considering to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as proposed placing share and subscription share which has been announced on 29 May 2025 and 30 May 2025 respectively or others when necessary and also to look for new and additional funding opportunities and actively negotiating with existing and new lenders and creditors to obtain new financing at a reasonable cost (together, the "**New Capital and Funding Plan**"); and

(iii) The Group continues to take active measures to control operational and administrative costs and control capital expenditures (the "**Stringent Management Plan**").

The directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least twelve months from 31 March 2025. They are of the opinion that, taking into account the abovementioned Plans and Measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its Plans and Measures, which are subject to multiple uncertainties as described above. The Group's ability to continue as a going concern would depend on the successful execution and completion of the Plans and Measures, such as the Convertible Bonds Restructuring Plan, New Capital and Funding Plan and Stringent Management Plan, all of which aim to provide the Group with adequate funds to settle existing financial obligations, commitments, and future operating and capital expenditures. However, these Plans and Measures are in preliminary stage or in progress and written contractual agreements and/or other documentary supporting evidences are not available to the Group as at the date of approval for issuance of these consolidated financial statements of the Group for extending the going concern assessment.

Should the Group fail to achieve the Plans and Measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in these consolidated financial statements.

4. SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on regular internal financial information reported to the chief operating decision maker, being directors of the Company.

The Group has identified the following reportable segments:

(i) Trading of Beauty Products segment — Trading of beauty products in Hong Kong; and

(ii) Research and Development segment — Research, development and commercialisation of the oral insulin product.

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

Segment profit or loss represents the profit or loss incurred by each segment without allocation of corporate and other expenses, other income, gains and losses, net, effective interest expenses on convertible bonds and gain on extinguishment of convertible bonds. All assets are allocated to segments other than corporate assets. All liabilities are allocated to segments other than corporate liabilities, amounts due to the Former Associate, amounts due to the Non-controlling Interests, amounts due to former non-controlling interests, loan from the Substantial Shareholder, loans from the Former Associate, and loan from the Non-controlling Interests and convertible bonds.

(a) Reportable segment revenue and results and segments assets and liabilities

Information regarding the Group's reportable segments revenue and results and segment assets and liabilities as provided to the directors of the Company for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2025 and 31 March 2024 is set out below.

Segment revenue and results

	Trading of Beauty Products *HK$'000*	Research and Development *HK$'000*	Total *HK$'000*
Year ended 31 March 2024			
Revenue			
Revenue from external customers	6,593	—*	6,593
Segment loss	(596)	(7,080)	(7,676)
Unallocated other income, gains and losses, net			1
Effective interest expenses on convertible bonds			(217,025)
Corporate and other expenses			(6,830)
Gain on extinguishment of convertible bonds			330,237
Profit before income tax			98,707
Income tax expense			—
Profit for the year			98,707
Year ended 31 March 2025			
Revenue			
Revenue from external customers	**2,091**	**—***	**2,091**
Segment loss	**(1,322)**	**(304,062)**	**(305,384)**
Unallocated other income, gains and losses, net			**—**
Effective interest expenses on convertible bonds			**(258,990)**
Corporate and other expenses			**(5,972)**
Loss before income tax			**(570,346)**
Income tax expense			**—**
Loss for the year			**(570,346)**

* The Group's Research and Development segment is still in the research stage and thus, no revenue was generated during the year ended 31 March 2025 and 31 March 2024.

Segment assets and liabilities

	Trading of Beauty Products *HK$'000*	Research and Development *HK$'000*	Total *HK$'000*
Year ended 31 March 2024			
Reportable segment assets	4,977	1,375,439	1,380,416
Corporate and other assets			2,607
Total assets			1,383,023
Reportable segment liabilities	1,853	1,835	3,688
Convertible bonds			911,150
Corporate and other liabilities			148,754
Total liabilities			1,063,592
Year ended 31 March 2025			
Reportable segment assets	**3,443**	**1,077,963**	**1,081,406**
Corporate and other assets			**3,723**
Total assets			**1,085,129**
Reportable segment liabilities	**139**	**1,279**	**1,418**
Convertible bonds			**949,377**
Corporate and other liabilities			**108,993**
Total liabilities			**1,059,788**

Other than the above, no other information regarding the Group's reportable revenue and results and reportable segments assets and liabilities as provided to the directors of the Company for the purposes of resource allocation and assessment of segment performance as of and for the years ended 31 March 2025 and 31 March 2024.

(b) 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.

(c) Information about major customers

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

	2025	2024
	HK$'000	*HK$'000*
Customer A	**2,091**	6,593

Revenue from the above customer in the respective reporting period is derived from the Trading of Beauty Products segment.

5. REVENUE

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts, returns and value added tax or other sales taxes.

(a) Disaggregation of revenue from contracts with customers

(i) The Group derives revenue from the transfer of goods and services relating to Trading of Beauty Products segment by categorise of major product lines and business.

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of beauty products	**2,091**	6,593

The Group's Research and Development activities is still in the research stage and thus, no revenue was generated during the year ended 31 March 2025 and 31 March 2024.

(ii) The Group derives revenue from the transfer of goods and services relating to Trading of Beauty Products segment by timing of revenue recognition

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of beauty products		
— At a point in time	**2,091**	6,593

(iii) The Group derives revenue from the transfer of goods and services by geographical markets

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in note 4.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2025	2024
	HK$'000	*HK$'000*
(Impairment loss)/reversal of impairment loss on trade receivables, net	**(8)**	66
Gain on extinguishment of convertible bonds	**—**	330,237
Others	**—**	1
	(8)	330,304

7. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Effective interest expense on convertible bonds	**258,990**	217,025
Imputed interest expense on loan from the Former Associate	**1,109**	1,061
Interest on lease liabilities	**—**	11
	260,099	218,097

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax has been arrived at after charging

	2025	2024
	HK$'000	*HK$'000*
Staff cost, excluding directors' remuneration		
— Staff salaries and allowances	**3,032**	3,659
— Performance bonus	**—**	—
— Contributions to defined contribution retirement schemes	**61**	83
	3,093	3,742
Others:		
Auditor's remuneration	**900**	900
Cost of sales	**1,903**	5,753
Short-term leases with lease term less than 12 months	**66**	149
Depreciation on right-of-use assets	**—**	941
Research and development expenses *(note below)*	**2,089**	1,421

Note: During the years ended 31 March 2025 and 31 March 2024, all expenses incurred for research and development activities were regarded as research expenses and therefore all research and development expenses were charged to the profit or loss for both years when incurred.

9. INCOME TAX EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong Profits Tax	**—**	—
— PRC Enterprise Income Tax	**—**	—
	—	—
Deferred income tax		
— Current year	**—**	—
	—	—

10. DIVIDEND

No dividend was paid or proposed to ordinary shareholders of the Company during year ended 31 March 2025 and 31 March 2024, nor has any dividend been proposed since the end of the reporting period.

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:

	2025	2024
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to owners of the Company and (loss)/earnings for the purpose of basic (loss)/earnings per share	**(345,937)**	103,403
Effect of dilutive potential ordinary shares:		
Gain on extinguishment of convertible bonds	**—**	(330,237)
Effective interest expense on convertible bonds	**258,990**	206,416
Loss for the purpose of diluted loss per share	**(86,947)**	(20,418)

Number of shares

	2025	2024
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,728,700**	1,527,015
Effect of dilutive potential ordinary shares:		
Convertible bonds	**N/A**	971,500
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,728,700**	2,498,515

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares has anti-dilutive effects during the year ended 31 March 2025.

12. INTANGIBLE ASSETS

	2025	2024
	HK$'000	*HK$'000*
In-process R&D involving the Product not ready for use		
Cost	**1,373,224**	1,373,224
Less: Impairment	**(296,984)**	—
	1,076,240	1,373,224

The in-process research and development project ("**In-process R&D**") represents an in-process research and development project involving the oral insulin product (the "**Product**") which was acquired by the Group through business combination in 2014 and the Group is continuing the research and development work and commericalising 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 Limited ("**Smart Ascent**"), which became a subsidiary of the Company upon completion of the acquisition of 51% equity interest in Smart Ascent on 28 July 2014. In addition, Fosse Bio and THU have entered into the collaboration agreement 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. On 25 June 2024, the Group entered into a second supplemental agreement with THU to renew the term of the THU Collaboration Arrangement to 30 June 2027.

Originally, the Group planned to commercialise the Product in the first quarter of 2026. To adhere to this commercialisation schedule, the Group implemented a series of measures, including evaluating and optimising clinical trial procedures, engaging new hospitals to participate in the clinical trial, and increasing the sample size at existing clinical trial sites. However, onboarding new hospitals involves complex and time-consuming processes for the engagement, which have limited the effectiveness of these efforts. Moreover, increasing the sample size at current hospitals has also proven challenging due to changes in patient behavior following the COVID-19 pandemic.

In light of the above, the Group has not been able to fully implement all the necessary measures. After prudent consideration by management and based on the current circumstances, thus, the directors of the Company consider that commercialisation timeline for the commercialisation of the Product is expected to be postponed to the third quarter of 2028.

Impairment assessment

Intangible assets not yet ready for use are not subject to amortisation and are tested annually for impairment.

The Group engages an independent professional qualified valuer to perform the impairment assessment of the Group's intangible assets as at the end of the reporting date. The directors consider that the valuer holds a recognised and relevant professional qualification and has recent experience in valuing similar industry and assets of the intangible assets being valued.

In determining the impairment of intangible assets, discussion of impairment assessment processes and result had been held between management and the independent professional qualified valuer to establish the appropriate valuation techniques and inputs to the model as at the reporting date. This valuation requires the use of unobservable inputs and is within Level 3 of the fair value hierarchy.

The recoverable amount of the In-process R&D is determined based on fair value calculation using the income approach. The fair value calculation used the cash flow projection approved by the directors based on 10-years 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-years projection period is more appropriate to reflect the future cash flows 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 third quarter of 2028 (2024: first quarter of 2026).

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

	2025	2024
Discount rate (post-tax)	**31.53%**	26.78%
Growth rate	**2.0%**	2.2%
Gross profit ratio	**39%**	56%
Estimate successful rate	**52.3%**	52.3%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the development cost:

- Discount rate — The discount rate used is post-tax and reflects market assessments of the time value and the specific risks relating to the industry.

- Growth rate — The rate was determined by the management based on past performance and its expectation for market and product development.

- Gross profit ratio — The basis used to determine the value assigned to the budgeted gross margin is the average gross profit ratio expected to achieve since the year when the Product is launched.

- Estimate successful rate — The success rate of commercialisation was determined based on practices of pharmaceutical industries, development of technologies and related regulations from administrations.

For the year ended 31 March 2024 with reference to the valuation prepared by the independent professional qualified valuer, the recoverable amount of the Group's In-process R&D is higher than its carrying amount and thus, no impairment was recognised for the year ended 31 March 2024. Management believes that any reasonable possible change in any of these assumptions would not result in impairment.

For the year ended 31 March 2025, the management of the Company conducted a comprehensive review of the impairment assessment for the Group's intangible assets and taking into account the following factors:

(i) The delay of commercialisation of the Product and updated timeline as described above; and

(ii) The sub-contractor arrangement for manufacturing of Product. In previous cash flow forecast for the intangible asset, the management of the Company planned to build its own factory to manufacture the Product. However, given the careful consideration for the liquidity position of the Group, the management of the Company updated its plans to align with the liquidity position of the Group to engage external sub-contractor to manufacture of the Product to save the start-up cost at the time of commercialisation of the Product. As a result, such arrangement would affect the overall margin of the Product.

With reference to the valuation prepared by independent professional qualified valuer, the recoverable amount of the In-process R&D was lower than its carrying amount and thus, an impairment loss of approximately HK$296,984,000 was recognised which was charged to the profit or loss for the year ended 31 March 2025.

Pursuant to a confirmation obtained from the Substantial Shareholder, the Substantial Shareholder of the Company agreed to provide a capital supporting arrangement to the Company that if the commercialisation of the Product has not been successfully complete by the third quarter of 2028, the substantial Shareholder agreed to undertake to provide a capital support to the Company for any loss, if any to an amount equivalent to the difference between (a) the carrying value of the intangible asset as at 31 March 2025; and (b) the consideration at which the intangible asset to be sold in future or the carrying value of the intangible asset as at 30 September 2028, if appropriate. Thus, the directors of the Company consider that any subsequent decrease in the recoverable amount of the In-process R&D from its carrying amount as at 31 March 2025, if any, will have no material financial impacts to the consolidated financial statements of the Company subsequent to 31 March 2025.

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly based on credit. The credit terms of 90 days (2024: 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:

	2025	2024
	HK$'000	*HK$'000*
30 days or less	**—**	571
31 to 60 days	**—**	349
61 to 90 days	**—**	762
91 to 180 days	**155**	2,435
Over 180 days	**3,216**	788
	3,371	4,905

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:

	2025	2024
	HK$'000	*HK$'000*
30 days or less	**—**	479
31 to 60 days	**—**	296
61 to 90 days	**—**	649
Over 90 days	**139**	429
	139	1,853

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

15. SHARE CAPITAL

	Number of Ordinary share of HK$0.01 each	Amount
		HK$'000
Authorised:		
As at 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	**50,000,000,000**	**500,000**
Issued and fully paid:		
As at 1 April 2023	1,464,193,024	14,642
Issuance of shares under conversion of Convertible Bonds II	99,000,000	990
Issuance of shares under conversion of Convertible Bonds IV	160,000,000	1,600
As at 31 March 2024 and 1 April 2024	1,723,193,024	17,232
Issuance of shares under conversion of Convertible Bonds I	**99,009,900**	**990**
As at 31 March 2025	**1,822,202,924**	**18,222**

The movements of the Company's authorised and issued share capital during the years ended 31 March 2025 and 31 March 2024, and subsequent to 31 March 2025 are as follows:

(a) For the year ended 31 March 2024

During the year ended 31 March 2024, the convertible bondholders of Convertible Bonds II and Convertible Bonds IV converted the entire outstanding convertible bonds into the shares of the Company and thus, the Company issued 99,000,000 ordinary shares and 160,000,000 ordinary shares in the Company to respective convertible bondholders.

All the above new shares shall rank pari passu in all respects with each other in the share capital of the Company.

(b) For the year ended 31 March 2025

During the year ended 31 March 2025, the convertible bondholders of Convertible Bonds I converted partial of the convertible bonds into the shares of the Company and thus, the Company issued 99,009,900 ordinary shares in the Company to respective convertible bondholders.

All the above new shares shall rank pari passu in all respects with each other in the share capital of the Company.

(c) Subsequent to the year ended 31 March 2025

(1) Placing of 206,400,000 Placing Shares

On 29 May 2025, the Company entered into the placing agreement with the placing agent (the "**Placing Agent**"), pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 206,400,000 placing shares at the placing price (the "**Placing Price**") of HK$0.175 per Placing Share (the "**Placing**").

For the details of the Placing, please refer to the announcement date 29 May 2025.

(2) Subscription of 137,600,000 Subscription Shares

On 30 May 2025, the Company entered into the subscription agreement with the subscriber (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 137,600,000 shares at the subscription price of HK$0.176 per Subscription Share (the "**Subscription**").

For the details of the Subscription, please refer to the announcement date 30 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Group Results

Revenue of the Group for the Financial Year amounted to approximately HK$2,091,000, representing a decrease of approximately 68.3% as compared with the total revenue of approximately HK$6,593,000 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$345,937,000 for the Financial Year as compared to profit of HK$103,403,000 in Previous Financial Year. The change from profit to loss is mainly due to an amount of approximately HK$296,984,000 represented an impairment loss on intangible asset was recorded in 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$2,091,000, representing a decrease of approximately 68.3% from the revenue in the amount of approximately HK$6,593,000 that was recorded in the Previous Financial Year. The decrease in trading revenue was mainly due to the poor market condition.

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**").

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 Group is conducting the Clinical Trial of the Product and 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, over 400 patients have been enrolled in selected participating hospitals to take place in the Clinical Trial. The enrolment of patients will be an ongoing process.

Originally, the Group planned to commercialize the Product in the first quarter of 2026. To adhere to this commercialization schedule, the Group implemented a series of measures, including evaluating and optimizing clinical trial procedures, engaging new hospitals to participate in the Clinical Trial, and increasing the sample size at existing Clinical Trial sites. However, onboarding new hospitals involves complex and time-consuming processes for the engagement, which have limited the effectiveness of these efforts. Moreover, increasing the sample size at current hospitals has also proven challenging due to changes in patient behaviour following the COVID-19 pandemic.

In light of the above, the Group has not been able to fully implement all the necessary measures. After prudent consideration by management and based on the current circumstances, the commercialization timeline for the commercialization of the Product is expected to be postponed to the third quarter of 2028.

Set out below is the tentative timetable for commercialization of the Product based on the latest information available:

Event/action/milestone	**Expected Completion Date**
The execution of clinical trial testing	Early of second quarter of 2027
The data and outcome analysis	Second quarter of 2027
The preparation of the outcome report	Third quarter of 2027
The entering into of an agreement in respect of the production arrangement	Third quarter of 2027
The sourcing of raw materials from various suppliers for production of the Product	Third quarter of 2027
Possible marketing activities or pre-sales preparation work	Third quarter of 2027
The submission of the clinical trial report to NMPA	Late of third quarter of 2027
Event/action/milestone Expected Completion Date	
The application for the new medicine certificates	Late of third quarter of 2027
The obtaining of the new medicine certificates	Mid first quarter of 2028
The application for the manufacturing permit	Mid first quarter of 2028
The obtaining of the manufacturing permit	Second quarter of 2028
The Product is launched in the market and available for sale at selected hospital	Third quarter of 2028

The in-process R&D was recorded as an intangible asset in Group's consolidated statement of financial position with a gross 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 management of the Company have performed impairment assessment on the intangible asset by reference to the valuation conducted by Masterpiece Valuation Advisory 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. The management of the Company conducted the impairment assessment which involved the following consideration:-

— The delay of commercialisation of the Product as explained in the section "Business Review — Research and development"; and

— The sub-contractor arrangement for manufacturing of Product. In previous cash flow forecast for the intangible asset, the management of the Company planned to build its own factory to manufacture the Product. However, given the careful consideration for the liquidity position of the Group, the management of the Company updated its plans to align with the liquidity position of the Group to engage external sub-contractor to manufacture of the Product to save the start-up cost at the time of commercialisation of the Product. As the result, such arrangement would affect the overall margin of the Product.

Based on the assessment, the recoverable amount of the Group's intangible asset was lower than the carrying amount and therefore an impairment loss of approximately of HK$296,984,000 was recognised which was charged to the profit and loss for the year ended 31 March 2025.

For the purpose of interest and benefit to the shareholders of the Company as a whole and ascertain the value of the intangible assets, the Group expected to commit to invest not less than HK$12 million annually in funding for the Product, starting from April 2025, either through internal or external funding, as research and development expenses for the Product, the substantial shareholder of the Company agreed to provide a capital supporting arrangement to the Company that if the commercialisation of the Product has not been successfully complete by the third quarter of 2028, the substantial shareholder agreed to undertake to provide a capital support to the Company for any loss, if any to an amount equivalent to the difference between (a) the carrying value of the intangible asset as at 31 March 2025; and (b) the consideration at which the intangible asset to be sold in future or the carrying value of the intangible asset as at 30 September 2028, if appropriate.

Fosse Bio-Engineering Development Limited ("**Fosse Bio**"), a non-wholly owned subsidiary of the Company, and Tsinghua University, Beijing ("**THU**") have entered into the agreement in 1998 (the "**THU Collaboration Arrangement**") in connection with the research and development of the Product. Pursuant to the THU Collaboration Arrangement, which will be expired in October 2018 and subsequently extended to October 2023 by entered the supplemental agreement on 12 November 2018, Fosse Bio would be entitled to commercialize 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 commercialization of the Product. Accordingly, Fosse Bio has the exclusive right for the commercialization of the Product for the duration of the unexpired term of the THU Collaboration Arrangement. On 25 June 2024, the Group entered second supplemental agreement with THU to renew the term of the THU Collaboration Arrangement to 30 June 2027.

Convertible bonds issued by the Company

(i) Subscription of new convertible bonds

On 27 July 2023, the Company and Dr. Mao Yu Min as subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the subscriber has conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK$55,500,000. The convertible bonds shall bear an interest from (and including) the date of issue at the rate of 0% per annum on the outstanding principal amount of the convertible bonds. The maturity date is the tenth anniversary of the date of issue of the convertible bonds. The initial conversion price for the convertible bonds shall be HK$0.211 per conversion share.

The subscription price in the amount of HK$55,500,000 payable by the subscriber under the subscription agreement shall be satisfied by way of offsetting in full on a dollar-to-dollar basis against the outstanding aggregate principal amount payable by the Company to the subscriber under the shareholder's loans in the amount of HK$55,500,000.

The subscriber, Dr. Mao is the substantial shareholder of the Company. The subscription constitutes a connected transaction of the Company and is subject to the independent shareholders' approval requirements. Completion of the subscription agreement is subject to fulfillment of the conditions precedent under the subscription agreement.

Details of the proposed issue of the convertible bonds are set out in the announcement dated 27 July 2023 and the circular dated 9 May 2024.

The issue of the convertible bonds was approved in the special general meeting held on 24 May 2024 and all conditions precedent under the subscription agreement have been fulfilled and completion took place on 21 June 2024.

(ii) Amendment of convertible bonds with Dr. Mao and his associate

The Company issued certain convertible bonds on 25 October 2013, 27 December 2013, 24 April 2014, 30 August 2014, 31 December 2014 and 30 April 2015. The maturity date of those convertible bonds falls on the tenth anniversary of the date of issue.

On 15 August 2023, those convertible bonds in the aggregate principal amount of HK$359,600,000 remain outstanding. The Company and the bondholders entered into the deed of amendment (the "**Dr. Mao Deed of Amendment**") pursuant to which the Company and the bondholders have conditionally agreed to amend certain terms and conditions of the convertible bonds. The Company and the bondholders have conditionally agreed to amend the terms of the convertible bonds to the effect that the maturity date shall be extended from the tenth anniversary of the date of issue to the twentieth anniversary of the date of issue.

Save for this amendment, the terms and conditions of the convertible bonds remain intact and unchanged.

The bondholders, Dr. Mao (through himself and his controlled corporation) is a substantial shareholder of the Company. The amendment constitutes a connected transaction of the Company and is subject to the independent shareholders' approval requirements. Completion of the amendment is subject to fulfillment of the conditions precedent under the Dr. Mao Deed of Amendment.

On 22 December 2023, the Company and the Bondholders entered into the supplemental deed of amendment (the "**Supplemental Deed**"), pursuant to which the parties agreed to amend and supplement certain terms of the Dr. Mao Deed of Amendment. Details of the principal terms of the Supplemental Deed are set out below:

1) the conversion price of the convertible bonds due October 2023 in the principal amount of HK$236,800,000 issued by the Company and held by Dr. Mao, the convertible bonds due December 2023 in the principal amount of HK$11,200,000 issued by the Company and held by Dr. Mao and the convertible bonds due December 2023 in the principal amount of HK$8,000,000 issued by the Company and held by United Gene International Holdings Group Limited shall be amended from HK$0.40 to HK$0.202.

2) the maturity date of the convertible bonds due December 2024 in the principal amount of HK$39,600,000 issued by the Company and held by Dr. Mao, the convertible bonds due April 2025 in the principal amount of HK$42,000,000 issued by the Company and held by Dr. Mao and the convertible bonds due April 2025 in the principal amount of HK$22,000,000 and held by JNJ Investments Limited, shall no longer be extended.

Details of the Dr. Mao Deed of Amendment and the Supplemental Deed are set out in the announcement dated 15 August 2023 and 22 December 2023 respectively and the circular dated 9 May 2024.

The amendment was approved in the special general meeting held on 24 May 2024. All conditions precedent under the Dr. Mao Deed of Amendment have been fulfilled and the completion of the amendment took place on 21 June 2024.

PROSPECTS

Despite the challenging environment in recent years, the Directors remain optimistic about the Company's prospects. To further ensure that the Product will be able to commercialise by third quarter of 2028, 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.

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) 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 (iii) 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 Company is also actively exploring new business opportunities, diversifying its revenue streams, and implementing strategic initiatives to enhance performance. The Company intends to expand its business into blockchain technology, marking its entry into the digital innovation sector. The Group will initiate research and development projects focusing on underlying infrastructure and common key technologies of blockchain, which aim at enhancing transparency, security, and efficiency in various digital and commercial transactions. This initiative is intended to position the Group at the forefront of innovative technology adoption and to explore new business models and revenue streams.

However, given the market uncertainties which may affect the timetable and/or outcomes of the aforementioned initiatives, there is no assurance that the new business initiatives will materialise. The Company will remain flexible and responsive to adapt to evolving circumstances.

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 of the Product and the blockchain technology solutions business.

FINANCIAL REVIEW

Capital structure

	31 March 2025	31 March 2024
	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:		
1,822,202,924 Shares (31 March 2024: 1,723,193,024 Shares)	**18,222**	17,232

Liquidity and financial resources

As at 31 March 2025, the Group had bank and cash balances of approximately HK$3.7 million (31 March 2024: approximately HK$3.1 million).

As at 31 March 2025, total borrowings of the Group were approximately HK$1,049.2 million (31 March 2024: approximately HK$1,054.2 million) which reflected the debt value of the Company's unconverted convertible bonds, 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 2025 as compared to the 0.03 as at 31 March 2024. The Group's gearing ratio as at 31 March 2025 was 0.98 (31 March 2024: 0.77) which is calculated based on the Group's total liabilities of approximately HK$1,059.8 million (31 March 2024: approximately HK$1,063.6 million) and the Group's total assets of approximately HK$1,085.1 million (31 March 2024: approximately HK$1,383.0 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 2025, the Group and the Company did not have any charges on their assets (31 March 2024: 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 2025, the Group had 20 full time employees (31 March 2024: 20), 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$5.5 million (Previous Financial Year: approximately HK$6.1 million).

Segment information

Details of the segment information are set out in note 4 to the consolidated financial statements in 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.

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.

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 C.2.1

Dr. Yeung Yung 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 F.1.1

Code provision F.1.1 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 SFAI (HK) 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 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, SFAI (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SFAI (HK) 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 SFAI (HK) 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 2025. 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 described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope of limitation relating to appropriateness of the going concern basis of accounting

As described in note 3 to the consolidated financial statements, for the year ended 31 March 2025, the Group incurred a loss attributable to owners of the Company of approximately HK$345,937,000. In addition, as at 31 March 2025, the Group had net current liabilities and deficit attributable to owners of the Company of approximately HK$963,176,000 and HK$681,193,000, respectively.

These conditions, together with other matters described in note 3 to the consolidated financial statements, exist that may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company are in the process of implementing a number of Plans and Measures to improve the Group's liquidity and financial position as are set out in note 3 to the consolidated financial statements. The directors have reviewed the cash flow forecast prepared by management covering a period of at least twelve months from 31 March 2025, which take into account these Plans and Measures. Based on such assessment, assuming the Plans and Measures can be successfully implemented as scheduled notwithstanding the inherent uncertainties associated with the outcome of these Plans and Measures, the directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 March 2025 and therefore, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements of the Group have been prepared depends on the successful execution and completion of the Plans and Measures, such as the Convertible Bonds Restructuring Plan, New Capital and Funding Plan and Stringent Management Plan as described in note 3 to the consolidated financial statements, all of which aim to provide the Group with adequate funds to settle existing financial obligations, commitments, and future operating and capital expenditures. The directors have taken into account the likelihood of success of the Plans and Measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from 31 March 2025. Accordingly, the consolidated financial statements for the year ended 31 March 2025 have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the Plans and Measures by the Group are in preliminary stage or in progress and written contractual agreements and/or other documentary supporting evidences are not available to the Group as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the Plans and Measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the abovementioned Plans and Measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

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 2025 (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 have considered the future liquidity of the Group, including but not limited to the followings:

(i) During the year ended 31 March 2025, the Group incurred a loss attributable to owners of the Company of approximately HK$345,937,000. In addition, as at 31 March 2025, the Group had net current liabilities and deficit attributable to owners of the Company of approximately HK$963,176,000 and HK$681,193,000, respectively;

(ii) As at 31 March 2025, the Group had amounts due to the Non-controlling Interests, amounts due to former non-controlling interests, amount due to the Former Associate, loan from the Substantial Shareholder, loans from the Former Associate and convertible bonds with an aggregate amount of approximately HK$961,516,000 which would be due and repayable within one year, while its bank balances and cash amounted to approximately HK$3,703,000 only; and

(iii) The Group's business of the research, development and commercialisation of the oral insulin product involves with significant expenditures for research and development activities.

These conditions indicate the existence of a material uncertainty. The Auditor were unable to form an opinion as to whether the going concern of preparation is appropriate.

In view of the aforementioned, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) On 27 July 2023, the Company and the Substantial Shareholder of the Company, i.e. Dr. Mao entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Substantial Shareholder has conditionally agreed to subscribe for, the convertible bond in the principal amount of HK$55,500,000, i.e. the Convertible Bonds VI, by way of offsetting in full on a dollar-to-dollar basis against the outstanding aggregate principal amount payable by the Company to the Substantial Shareholder under the shareholder loans in the amount of HK$55,500,000. The issuance of the Convertible Bonds VI was completed on 21 June 2024;

(ii) The Company obtained the letter of financial support from the Substantial Shareholder (the "**Substantial Shareholder Letter of Support**") and pursuant to which the Substantial Shareholder confirms that: (a) the Substantial Shareholder agreed not to request the Group to repay the loan from the Substantial Shareholder of approximately HK$8,190,000 as at 31 March 2025 for a period of at least 12 months from the date of approval of these consolidated financial statements; (b) the Substantial Shareholder agreed to provide necessary funds to the Group to complete the research, development and commercialisation of the oral insulin product as described in note 12, if necessary; and (c) the Substantial Shareholder agreed to provide sufficient funds to the Group so that the Group will be able to meet all the liabilities and financial obligations as and when they fall due in the coming twelve months from 31 March 2025 and to continue as a going concern; and

(iii) The Company obtained a confirmation from the Group's Former Associate (the "**Former Associate Confirmation**") and pursuant to which the Former Associate agreed not to request the Group to repay the amount due to the Former Associate amounted to approximately HK$41,947,000 as at 31 March 2025 for a period of at least 12 months from the date of approval of these consolidated financial statements.

Together with the abovementioned plans and measures, the management of the Company is also implementing the following plans and measures (together, the "**Plans and Measures**") to improve the financial position and alleviate the liquidity pressure:

(i) The management of the Company is actively negotiating with the Former Associate to restructure and/or extend the Convertible Bonds III which would be due and repayable within one year (the "**Convertible Bonds Restructuring Plan**"). The directors of the Company are confident that the Convertible Bonds Restructuring Plan will ultimately reach a conclusion based on the recently communications with the Former Associate;

(ii) The directors of the Company are considering to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, rights issues or others when necessary and also to look for new and additional funding opportunities and actively negotiating with existing and new lenders and creditors to obtain new financing at a reasonable cost (the "**New Capital and Funding Plan**"); and

(iii) The Group continues to take active measures to control operational and administrative costs and control capital expenditures (the "**Stringent Management Plan**").

The directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least twelve months from 31 March 2025. They are of the opinion that, taking into account the abovementioned Plans and Measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its Plans and Measures, which are subject to multiple uncertainties as described above. The Group's ability to continue as a going concern would depend on the successful execution and completion of the Plans and Measures, such as the Convertible Bonds Restructuring Plan, New Capital and Funding Plan and Stringent Management Plan, all of which aim to provide the Group with adequate funds to settle existing financial obligations, commitments, and future operating and capital expenditures. However, these Plans and Measures are in preliminary stage or in progress and written contractual agreements and/or other documentary supporting evidences are not available to the Group as at the date of approval for issuance of these consolidated financial statements of the Group for extending the going concern assessment.

Should the Group fail to achieve the Plans and Measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. 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 order to resolving its liquidity problem. It endeavours 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 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, 30 June 2025

As at the date of this announcement, the Board comprises, Dr. Yeung Yung (Chairman and executive Director), Mr. Gao Yuan Xing (executive Director), Mr. Tang Rong (executive Director), Ms. Qi Shujuan (executive Director), Dr. Long Fan (executive Director), Dr. Wu Ming (executive Director), Mr. Zhang Shen (executive Director), Mr. Zhang Yi (non-executive Director), Ms. Chen Weijun (independent non-executive Director), Mr. Wang Rongliang (independent non-executive Director), Mr. Chen Jinzhong (independent non-executive Director), Dr. Xia Tingkang, Tim (independent non-executive Director) and Ms. Sun Sizheng (independent non-executive Director).