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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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 2016 (the "Financial Year") together with the comparative figures for the year ended 31 March 2015 (the "Previous Financial Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

		Year ended 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**19,908**	33,976
Cost of sales and services		**(19,319)**	(33,058)
Gross profit		**589**	918
Other income	*4*	**13,112**	4,138
Other gains and losses, net	*4*	**(146,263)**	(365,578)
Selling expenses		**(248)**	–
Administrative expenses		**(30,011)**	(27,890)
Research and development expenses		**(1,347)**	(5,304)
Other expenses		**(5,162)**	(10,556)
Share of results of associates		**7,945**	295
Finance costs	*5*	**(79,562)**	(52,937)
Loss before tax		**(240,947)**	(456,914)
Income tax expense	*6*	**–**	–
Loss for the year		**(240,947)**	(456,914)

	Note	Year ended 31 March 2016 HK$'000	2015 HK$'000
Other comprehensive (expenses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes of available-for-sale financial assets		**(475)**	231
Reclassification adjustments upon disposal of available-for-sale financial assets		**–**	(1,269)
Exchange differences on translation of foreign operation		**(702)**	(10)
		(1,177)	(1,048)
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation on land and buildings		**1,082**	948
Deferred taxation arising on revaluation of land and buildings		**(271)**	(237)
		811	711
Other comprehensive expense for the year		**(366)**	(337)
Total comprehensive expense for the year		**(241,313)**	(457,251)
Loss for the year attributable to:			
Owners of the Company		**(236,865)**	(451,684)
Non-controlling interests		**(4,082)**	(5,230)
		(240,947)	(456,914)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(237,231)**	(452,021)
Non-controlling interests		**(4,082)**	(5,230)
		(241,313)	(457,251)
		HK cents	*HK cents*
Loss per share	*9*		
Basic		**(16.85)**	(35.77)
Diluted		**(16.85)**	(35.77)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**35,833**	36,346
Interests in associates	*10*	**128,103**	143,634
Investments in convertible bonds	*11*	**259,555**	257,368
Intangible assets	*12*	**1,373,224**	1,373,224
Available-for-sale financial assets		**6,921**	6,887
Loan to a non-controlling interest		**4,646**	3,557
Amount due from the subsidiary of an associate		**16,192**	10,378
		1,824,474	1,831,394
Current assets			
Trade receivables	*13*	**–**	9,992
Prepayments, deposits and other receivables		**153,259**	7,975
Bank balances and cash		**32,459**	191,191
		185,718	209,158
Current liabilities			
Trade payables	*14*	**8**	7,099
Funds received in advance		**50,000**	–
Accruals and other payables		**5,291**	9,217
Amounts due to non-controlling interests		**22,871**	22,871
Amounts due to former non-controlling interests		**823**	823
Amount due to the subsidiary of an associate		**41,947**	41,947
		120,940	81,957
Net current assets		**64,778**	127,201
Total assets less current liabilities		**1,889,252**	1,958,595

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current liabilities			
Convertible bonds	*15*	**403,146**	351,400
Deferred tax liabilities		**2,444**	2,174
Loan from a non-controlling interest		**4,646**	3,557
		410,236	357,131
NET ASSETS		**1,479,016**	1,601,464
Capital and reserves			
Share capital		**14,642**	13,042
Reserves		**584,870**	704,836
Equity attributable to owners of the Company		**599,512**	717,878
Non-controlling interests		**879,504**	883,586
TOTAL EQUITY		**1,479,016**	1,601,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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.

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

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, and leasehold land and buildings, which are measured at fair value.

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

(a) New and amended standards adopted by the Group

The Group has adopted the following amendments to standards effective 1 January 2015 for the first time for the Group's financial year beginning on or after 1 April 2015:

– Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

– Amendments from annual improvements to HKFRSs-2010–2012 Cycle, on HKFRS 8 "Operating segments", HKAS 16 "Property, plant and equipment", HKAS 38 "Intangible assets" and HKAS 24 "Related party disclosures".

– Amendments from annual improvements to HKFRSs-2011–2013 Cycle, on HKFRS 3 "Business combination", HKFRS 13 "Fair value measurement" and HKAS 40 "Investment property".

The adoption of the above amendments to HKFRSs has had no material impact on the Group's financial performance and positions.

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been issued and are effective for accounting periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements:

- Amendments to HKAS 1 "Disclosure Initiative"[1]
- Amendment to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"[1]
- Amendments to a number of HKFRSs "Annual Improvements 2012–2014 Cycle"[1]
- Amendments to HKAS 27 "Equity Method in Separate Financial Statements"[1]
- HKFRS 15 "Revenue from contracts with customers"[2]
- HKFRS 9 "Financial instruments"[2]
- HKFRS 16 "Leases"[3]

[1] Effective for accounting periods beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for accounting periods beginning on or after 1 January 2018, with earlier application permitted.

[3] Effective for accounting periods beginning on or after 1 January 2019, with earlier application permitted.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the amounts recognised in the consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

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

	2016	2015
	HK$'000	*HK$'000*
Trading of beauty equipment and products	**19,908**	33,785
Provision of genetic testing services	**–**	191
	19,908	33,976

The Group has five reportable and operating segments as follows:

(a) provision of genetic testing services in the PRC and Hong Kong ("Provision of genetic testing services")

(b) distribution of bio-industrial products in the PRC ("Distribution of bio-industrial products")

(c) trading of beauty equipment and products in Hong Kong ("Trading of beauty equipment and products")

(d) securities investment in Hong Kong and outside Hong Kong ("Securities investment")

(e) 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.

The accounting policies of the operating segments are the same as those described in the consolidated financial statements. Segment (loss)/profit represents the loss incurred by or profit earned from each segment without allocation of corporate and other expenses and other income, gains and losses, net. All assets are allocated to segments other than corporate assets, interests in associates, investments in convertible bonds, amount due from the subsidiary of an associate, loan to a non-controlling interest and bank balances and cash. All liabilities are allocated to segments other than corporate liabilities, amounts due to the subsidiary of an associate, non-controlling interests and former non-controlling interests, loan from a non-controlling interest and convertible bonds.

	Provision of genetic testing services		Distribution of bio-industrial products		Trading of beauty equipment and products		Securities investment		Research and development		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**–**	191	**–**	–	**19,908**	33,785	**–**	–	**–**	–	**19,908**	33,976
Segment (loss) profit	**(295)**	(4,584)	**(2,413)**	(2,752)	**580**	742	**(138)**	1,205	**(5,661)**	(6,124)	**(7,927)**	(11,513)
Additional disclosures for operating segments:												
Interest income received from available-for-sale investments	**–**	–	**–**	–	**–**	–	**97**	36	**–**	–	**97**	36
Depreciation of property, plant and equipment	**16**	6	**1,114**	1,079	**–**	–	**–**	–	**–**	–	**1,130**	1,085
At 31 March 2016 and 31 March 2015												
Segment assets	**516**	374	**38,171**	36,391	**–**	9,992	**7,448**	6,887	**1,441,572**	1,394,085	**1,487,707**	1,447,729
Segment liabilities	**303**	157	**5,809**	5,719	**–**	9,060	**–**	–	**74,040**	69,352	**80,152**	84,288

	2016	2015
	HK$'000	*HK$'000*
Reconciliation of reportable segment loss, assets and liabilities:		
Segment loss		
Total segment loss	**(7,927)**	(11,513)
Corporate and other expenses	**(103,893)**	(77,920)
Share of results of associates	**7,945**	295
Unallocated other income, gains and losses, net	**(137,072)**	(367,776)
Consolidated loss for the year	**(240,947)**	(456,914)
Assets		
Total segment assets	**1,487,707**	1,447,729
Interests in associates	**128,103**	143,634
Investments in convertible bonds	**259,555**	257,368
Corporate and other assets	**134,827**	191,821
Consolidated total assets	**2,010,192**	2,040,552
Liabilities		
Total segment liabilities	**80,152**	84,288
Convertible bonds	**403,146**	351,400
Corporate and other liabilities	**47,878**	3,400
Consolidated total liabilities	**531,176**	439,088

Geographical information

The Group's operations are principally located in Hong Kong and the PRC. The Group's revenue from continuing operations from external customers based on location of operations and information about its non-current assets (excluding financial instruments, intangible assets and interests in associates) by geographical location of the assets are as follows:

	Revenue		**Non-current assets (excluding financial instruments, intangible assets, and interests in associates)**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**19,908**	33,785	**313**	75
The PRC	**–**	191	**35,520**	36,271
	19,908	33,976	**35,833**	36,346

Interests in associates were excluded from geographical information disclosure as the Group's major associate, Extrawell Pharmaceutical Holdings Limited ("Extrawell"), has several principal places of operations and businesses.

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A[1]	**13,746**	22,797
Customer B[1]	**6,162**	10,988

1 Revenue from trading of beauty equipment and products.

4. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2016	2015
	HK$'000	*HK$'000*
Other income		
Interest income from banks	**163**	400
Interest income from available-for-sale financial assets	**97**	36
Dividend income	**163**	–
Sundry income	**91**	69
Effective interest income from investment in convertible bonds	**5,696**	3,053
Imputed interest income from loan to a subsidiary of the associate	**5,814**	–
Imputed interest income from loan to a non-controlling interest	**1,088**	580
	13,112	4,138

	2016	2015
	HK$'000	*HK$'000*
Other gains and losses, net		
Gain/(loss) on disposal of subsidiaries	**10**	(184)
Change in fair value of derivative components of investments in convertible bonds	**(58,509)**	(60,953)
Loss on initial recognition of investments in convertible bonds acquired during the year	**(62,161)**	(277,821)
Impairment loss on interest in an associate	**(23,476)**	(29,218)
Net (loss)/gain on disposal of available-for-sale financial assets	**(286)**	1,269
Gain on disposals of property, plant and equipment	**11**	1,329
Impairment loss on other receivable	**(1,852)**	–
	(146,263)	(365,578)

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Effective interest expense on convertible bonds	**53,449**	52,357
Interest expense on convertible bonds	**25,025**	–
Imputed interest expense on loan from a non-controlling interest	**1,088**	580
	79,562	52,937

6. INCOME TAX EXPENSE

Hong Kong Profits Tax is provided at the rate of 16.5% (2015: 16.5%) of the estimated assessable profits for both years.

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% (2015: 25%).

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

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

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**(240,947)**	(456,914)
Tax at the domestic income tax rate of 25%	**(60,236)**	(114,228)
Tax effect of expense not deductible for tax purpose	**58,250**	113,647
Tax effect of income not taxable for tax purpose	**(1)**	(1,017)
Tax effect of tax loss not recognised	**–**	1,671
Tax effect of share of results of associates	**1,987**	(73)
Income tax expense	**–**	–

7. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging the following:		
Auditors' remuneration		
Provision for the year	**1,000**	1,200
(Over) provision for the prior year	**(120)**	–
	880	1,200
Depreciation of property, plant and equipment	**1,164**	1,286
Rental expense for premises under operating leases	**2,625**	1,378
Cost of inventories recognised as an expense	**19,319**	32,801
Staff costs inclusive of directors' emoluments		
Salaries, bonus and other benefits	**4,235**	7,079
Retirement benefits scheme contributions	**297**	1,136
	4,532	8,215

8. DIVIDENDS

The Directors do not recommend the payment of dividends for the year ended 31 March 2016 (2015: Nil).

9. LOSS PER SHARE

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

Loss

	2016	2015
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(236,865)**	(451,684)

Number of shares

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,406,106**	1,262,525

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as their assumed conversion would decrease the loss per share for the current year and prior year.

For the year ended 31 March 2016, basic and diluted loss per share was HK$0.1685 (2015: HK$0.3578) per share, which is based on the loss for the year of approximately HK$236,865,000 (2015: HK$451,684,000) and the denominators detailed above for both basic and diluted loss per share.

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

10. INTERESTS IN ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Cost of investment in associates		
– Listed in Hong Kong *(Note a)*	**476,841**	476,841
Share of post-acquisition result and other comprehensive income	**89,493**	81,548
Impairment loss on interest in an associate *(Note b)*	**(338,509)**	(315,033)
Adjustment against non-controlling interests *(Note c)*	**(99,722)**	(99,722)
	128,103	143,634
Fair value of listed investments *(Note d)*	**128,103**	146,403

Notes:

(a) The cost of investment in Extrawell represents the aggregate of (i) the fair value of the Convertible Bonds I with principal amount of HK$236,800,000 issued by the Company on 25 October 2013 for the acquisition of 370,000,000 ordinary shares of Extrawell amounted to HK$387,160,000; (ii) the fair value of the Convertible Bonds I with principal amount of HK$51,200,000 issued by the Company on 27 December 2013 for the acquisition of 80,000,000 ordinary shares of Extrawell amounted to HK$87,142,000; and (iii) further acquisition of 7,510,000 ordinary shares of Extrawell at cost of HK$2,539,000 during the year ended 31 March 2015.

(b) On 28 July 2014, when the Group purchased 51% equity interest in Smart Ascent Limited ("Smart Ascent" together with its subsidiaries, the "SAL Group") from Extrawell (BVI) Limited ("Extrawell (BVI)"), a wholly-owned subsidiary of Extrawell the Group recognised impairment loss of approximately HK$29,218,000 in profit or loss which represented the difference between the fair value of the shares of Extrawell based on the share price of Extrawell and the carrying amount of interests in associates (including the interests in Smart Ascent held by Extrawell) before adjustment against non-controlling interests.

As at 31 March 2015, the directors of the Company have performed impairment assessment of the carrying amount of the interest in the associate. The recoverable amount of the interest in Extrawell (excluding the interest in Smart Ascent held by Extrawell) was determined based on the Group's share of present value of the estimated future cash flows expected to be generated by the associate. Accordingly, no further impairment loss was recognised in the profit or loss during the year ended 31 March 2015.

As at 31 March 2016, the Group recognised impairment loss of approximately HK$23,476,000 in profit or loss which represented the difference between the fair value of the shares of Extrawell based on the share price of Extrawell and the carrying amount of interests in associates (including the interests in Smart Ascent held by Extrawell) before adjustment against non-controlling interests at the end of the reporting period.

(c) During the year ended 31 March 2015, the Group has purchased 51% equity interest in Smart Ascent from Extrawell (BVI). Since Smart Ascent has become a non-wholly owned subsidiary of the Group and consequently Smart Ascent and its subsidiaries have been consolidated by the Group commencing from 28 July 2014, the amount of equity in SAL Group that is attributable to the remaining 49% interest in Smart Ascent held by Extrawell and included in the carrying amount of interest in Extrawell prior to the acquisition of Smart Ascent by the Group has been reclassified out of non-controlling interest (and interest in associate) and treated as part of equity attributable to owners of the Company to the extent of the Company's attributable equity interest in Extrawell which represented the share of equity in SAL Group attributable to the Company's ownership interest in Extrawell.

(d) The fair value of listed investments is based on the quoted market bid price of the shares of Extrawell.

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associates	Place of incorporation/ operation	Principal place of operation	Class of shares held	Proportion of voting power held by the Company		Proportion of nominal value of issued capital held by the Company		Principal activity
				2016	2015	**2016**	2015	
Extrawell	Bermuda	PRC	Ordinary shares	**19.14%**	19.14%	**19.14%**	18.83%	Development, manufacture and sale of pharmaceutical products
Longmark (Shanghai)	PRC	PRC	Registered capital	**33.33%**	33.33%	**49.78%**	49.78%	Provision of health care management services

11. INVESTMENTS IN CONVERTIBLE BONDS

On 27 April 2013, the Company entered into the conditional sale and purchase agreement to acquire (i) convertible bonds issued by Extrawell in an aggregate principal amount of HK$320,650,000 ("Sale CB-I") from Dr. Mao Yumin ("Dr. Mao") at an aggregate consideration of HK$320,000,000 ("Consideration I"); and (ii) convertible bonds issued by Extrawell in an aggregate principal amount up to HK$256,520,000 ("Sale CB-II"), in four batches, from Dr. Mao at an aggregate consideration up to a maximum amount of HK$256,000,000 ("Consideration II"), in four batches. Consideration I was satisfied by payment of cash amounting to HK$120,000,000 and issuance of convertible bonds in the principal amount of HK$200,000,000 by the Company. Consideration II will be satisfied by issuance of convertible bonds in the principal amount of HK$256,000,000 in four batches by the Company.

The Sale CB-I and Sale CB-II (collectively referred to as the "Sale CBs") are zero coupon convertible bonds, with a maturity date of twentieth anniversary of the issue date and are denominated in HK$. The Sale CBs entitle the bond holders to convert them into shares of Extrawell at any time during the period commencing from the date of issuance up to the seventh business day prior to the maturity of the Sale CBs, at the conversion price per share of HK$0.6413, subject to anti-dilutive clauses.

The fair values of the Sale CBs and its components on initial recognition and of the derivative component as at 31 March 2016 and 2015 are determined based on the valuation conducted by an independent professional valuer. The movements of the debt components and derivative components of Sale CBs for the year are set out as below:

	Debt component	**Derivative component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2014	13,245	195,695	208,940
Acquisition of Sale CB-II – first batch	2,572	37,571	40,143
Acquisition of Sale CB-II – second batch	2,628	31,010	33,638
Acquisition of Sale CB-II – third batch	2,533	30,014	32,547
Effective interest income	3,053	–	3,053
Change in fair value	–	(60,953)	(60,953)
At 31 March 2015	24,031	233,337	257,368
Acquisition of Sale CB-II – forth batch	2,801	52,199	55,000
Effective interest income	5,696	–	5,696
Change in fair value	–	(58,509)	(58,509)
As at 31 March 2016	32,528	227,027	259,555

The acquisition of Sale CB-I was completed on 25 October 2013. The acquisition of the first, second and third batches of Sale CB-II, each batch having a principal amount of HK$64,130,000, were completed on 24 April 2014, 30 August 2014 and 31 December 2014, respectively. The acquisition of the fourth batch of Sale CB-II was completed on 30 April 2015.

During the year ended 31 March 2016, the Group recognised (i) loss on acquisition of investments in convertible bonds of approximately HK$62,161,000 in profit or loss which is resulted from the differences between the fair value of Consideration II of HK$117,161,000 satisfied by the issuance of convertible bonds in the aggregate principal amount of HK$64,000,000 by the Company and the aggregate fair value of investments in convertible bonds of HK$55,000,000 as at acquisition date; and (ii) subsequent decrease in fair value of the derivative component of investments in convertible bonds of HK$58,509,000 as at 31 March 2016.

During the year ended 31 March 2015, the Group recognised (i) loss on acquisition of investments in convertible bonds of approximately HK$277,821,000 in profit or loss which is resulted from the differences between the fair value of Consideration II of HK$384,149,000 satisfied by the issuance of convertible bonds in the aggregate principal amount of HK$192,000,000 in three batches by the Company and the aggregate fair value of investments in convertible bonds of HK$106,328,000 as at respective acquisition dates; and (ii) subsequent decrease in fair value of the derivative component of investments in convertible bonds of HK$60,953,000 as at 31 March 2015.

As at 31 March 2016, the carrying amounts of the debt and the derivative components of the investments in convertible bonds are HK$32,528,000 (2015: HK$24,031,000) and HK$227,027,000 (2015: HK$233,337,000) respectively.

12. INTANGIBLE ASSETS

	In-process R & D
	HK$'000
COST AND CARRYING VALUES	
At 1 April 2015 and 31 March 2016	1,373,224

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

The recoverable amount of the In-process R&D is determined based on fair value calculations. The fair value calculation used cash flow projections prepared by the management based on certain key assumptions, which the management believed that any reasonably possible change in any of these assumptions would not cause the carrying amount of In-process R&D to exceed the recoverable amount. The expected future economic benefits attributable to the In-process R&D approved by the management cover a 10-year period and a discount rate of 27.99% was used. Key assumptions for fair value calculations related to the estimation of cash inflows which include budgeted sales and gross margins where such estimation is based on management's expectations for the market development.

Furthermore, legal advisors of the Company have informed that if the THU collaboration agreement is early terminated or expired, Fosse Bio will no longer have the exclusive right of the commercialisation of the Product. Any of Fosse Bio or THU will have the rights to independently commercialise the patented product, without the consent from each other. However, given that THU is an educational unit and does not engage in commercialisation of the Product, the directors of the Company have prepared the cash flow projections for the ten year period using the assumption that Fosse Bio will continue to have exclusive right for commercialisation of the Product after 2018.

Based on the recoverable amount estimation, the directors are in the opinion that no impairment on the In-process R&D should be recognised.

13. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. 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 as at 31 March 2016 and 2015, presented based on the invoice dates, which approximated the respective revenue recognition dates at the end of the reporting period.

	2016	2015
	HK$'000	*HK$'000*
30 days or less	**–**	2,610
31 to 60 days	**–**	1,765
61 to 90 days	**–**	2,929
91 to 180 days	**–**	2,688
	–	9,992

14. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date at the end of the reporting period, is as follows:

	2016	2015
	HK$'000	*HK$'000*
30 days or less	**–**	2,541
31 to 60 days	**–**	1,714
61 to 180 days	**8**	2,844
	8	7,099

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

15. CONVERTIBLE BONDS

The movement of liability component of Convertible Bonds issued by the Company for the year is set out below:

	Convertible Bonds I *HK$'000*	Convertible Bonds II *HK$'000*	Convertible Bonds III *HK$'000*	Convertible Bonds IV *HK$'000*	Total *HK$'000*
At 1 April 2014	51,375	–	–	–	51,375
Issuance of Convertible Bonds	–	21,115	233,547	–	254,662
Interest charges	12,166	2,946	37,245	–	52,357
Conversion to ordinary shares	(6,994)	–	–	–	(6,994)
At 31 March 2015	56,547	24,061	270,792	–	351,400
Issuance of Convertible Bonds	–	–	–	7,790	7,790
Interest charges	13,251	5,941	32,593	1,664	53,449
Conversion to ordinary shares	(9,493)	–	–	–	(9,493)
At 31 March 2016	**60,305**	**30,002**	**303,385**	**9,454**	**403,146**

16. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 March 2016

On 23 December 2015, the Group entered into a sale agreement with a connected person to dispose of the entire equity interest held by the Group in Winluck Legend Limited ("Winluck") at a consideration of HK$10,000. The disposal was completed on 30 December 2015. The financial position of Winluck and its subsidiary (the "Winluck Group") at the date of disposal were as follows:

	HK$'000
Consideration received	
Cash consideration received by the Group	10
Gain on disposal of subsidiaries	
Consideration received	10
Net assets disposed of	–
Gain on disposal of subsidiaries	10
Net cash inflow on disposal of subsidiaries	
Net cash inflow arising from disposal:	
Consideration received in cash	10
Less: bank balances and cash disposed of	–
	10

The Winluck Group is inactive as of the date of disposal and contributed insignificant cash flows to the Group.

17. CONTINGENT LIABILITIES AND LITIGATION

Litigation concerning CNL (Pinghu) Biotech Co. Ltd. ("CNL (Pinghu)") in the PRC

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

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

The Company did not receive any payment notice from Jiangsu Ruifeng during the year ended 31 March 2016 and therefore no payment was made by the Company during the year.

Litigation concerning Longmark (Shanghai) HealthCare Limited ("Longmark (Shanghai)") in the PRC

The Company's subsidiary, Longmark (Shanghai) entered into a tenancy agreement with 上海向膳樂緣餐飲有限公司 ("the tenant") for the use of a premise located in 上海市長寧區臨虹路 128 弄 2 號地下一層 ("the Premise") on 9 August 2011.

On 2 November 2015, the tenant filed a writ of summons in the People's Republic of China against Longmark (Shanghai) claiming the sum of RMB213,610 (equivalent to HK$256,778) being compensation for the loss resulted from the suspension of electric power supply on the Premise.

The directors believe that the above legal claim will not have a material adverse effect upon the results of the operations, cash flow or financial positions of the Group. As there is no certainty of the outcome of this legal case, the potential losses, if any, which may arise from this claim has not been reflected in the consolidated financial statements.

The legal case has not been concluded up to the date of this consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS

Revenue of the Group for the Financial Year amounted to approximately HK$19.9 million, representing a decrease of approximately 41.41% as compared with the total revenue of approximately HK$34.0 million that was recorded in the Previous Financial Year. The decrease was mainly attributable to a decrease in business of the trading of beauty equipment and products segment during the Financial Year. Loss attributable to the owners of the Company fell to HK$236.9 million for the Financial Year, an improvement from the loss of HK$452.0 million that was recorded in the Previous Financial Year. The reduction of loss was primarily due to the lesser amount of impairment loss being recognised on the Group's acquisition of investments in convertible bonds that were issued by Extrawell, a company listed on the main board of the Stock Exchange of Hong Kong Limited for the Financial Year as compared with the Previous Financial Year.

BUSINESS REVIEW

Provision of genetic testing services

Since 2010, the Group has held the permanent and exclusive distribution rights for genetic testing services in the regions of the PRC, Hong Kong, and Macau, permanent non-exclusive distribution rights for genetic testing services in other regions, and the right to use certain logos on genetic testing products and for genetic testing services that are distributed by the Group. The Group has franchised the distribution rights of the genetic testing products and services. The provision of genetic testing services did not generate any revenue this year. Compared to HK$191,000 in the Previous Financial Year, the revenue is declining.

Distribution of bio-industrial products

The Group has held the exclusive distribution rights for the distribution of bone chips and fat in the PRC since 1 January 2010 for an initial term of 5 years, the term of which was automatically extended by an additional 10 years upon the expiry of the initial term. There was no revenue arising from the distribution of bio-industrial products during both the Financial Year and Previous Financial Year.

Trading of beauty equipment and products

The Group commenced the trading of beauty equipment and products since June 2013. During the Financial Year, revenue arising from the trading of beauty equipment and products amounted to approximately HK$19.9 million, representing a decrease of approximately 41.07% from the revenue in the amount of approximately HK$33.8 million that was recorded in the Previous Financial Year.

Investments in Extrawell

Since 2013 the Company has acquired shares and convertible bonds issued by Extrawell and Extrawell became an associate company of the Group. The Group's investments in Extrawell are recorded in the Company's balance sheet under investment in associates and investments in convertible bonds, and these balances are sensitive to share price fluctuations of Extrawell's publicly traded shares, as well as being subject to impairment assessment in accordance with Hong Kong Accounting Standards.

Research and development

The Group currently has one group of companies in its research and development portfolio. The Company acquired a majority stake in Smart Ascent, whereby Smart Ascent became 51% owned by the Company and the companies of the SAL Group became non-wholly owned subsidiaries of the Company. SAL Group is principally engaged in the development of a technology that would allow insulin to be administered orally. The Group will inject resources into clinical trials of the technology continuously in order to facilitate the development of it. 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.

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

PROSPECTS

Provision of genetic testing services

In October 2014, the Group franchised the genetic testing distribution rights to two related parties who began providing genetic testing services and selling genetic testing products in the PRC. The Group holds a cautious view regarding the business given the uncertainty of the policy and regulatory environment of genetic testing in the PRC and does not anticipate a recovery of the industry in the near-term. The Group is actively seeking partners or potential investors to work with or acquire the Group's genetic testing subsidiaries.

Distribution of bio-industrial products

CNL (Pinghu), a non-wholly owned subsidiary of the Company, commenced the construction of the production plant, research and development workshop and office in 2010. Since 2012, CNL (Pinghu) has been a defendant to a civil litigation suit in the PRC regarding construction costs of the production plant. A verdict on the civil litigation suit was reached in April 2014 pursuant to which it was ruled that the Group is liable to pay RMB4.2 million to the plaintiffs. Payments were made in respect of the litigation in accordance with the directions of the court. The court has delayed payments to the plaintiff at this time and further announcements will be made by the Company as and when appropriate pursuant to the requirements of the Listing Rules.

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 revenues.

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. The Group competes by offering trading terms that are more favourable to its suppliers and vendors compared to the Group's competitors, and trades products that are in high demand given the development of Asian economies.

During the second half of the Financial Year, trading business activity fell as the Group reallocated personnel to focus on other activities. The Group intends to maintain the segment and will gradually increase the trading business activity in the upcoming future.

Securities investment

During the second half of the Financial Year, the PRC and Hong Kong stock markets deteriorated significantly. Whilst the management of the Group is optimistic on the long-term recovery of the markets but they also remain cautious on the direction of the market in the near-term. The Group continues to manage a diverse portfolio of Asian stocks and bonds.

Research and development

Through the SAL Group, the Group has been developing the technology that would allow insulin to be administered orally. During the Financial Year, the Group explored potential opportunities with investors and potential partners but as at the date of this announcement the Group has yet to encounter a suitable business partner. The Group continues to evaluate potential products that would be used to bolster the Group's pipeline.

FINANCIAL REVIEW

Capital structure

	31.3.2016 ***HK$'000*** **(audited)**	31.3.2015 *HK$'000* (audited)
Authorised		
50,000,000,000 ordinary shares of HK$0.01 each (the "Shares")	**500,000**	500,000
Issued and fully paid:		
1,464,193,024 Shares: (As at 31 March 2015: 1,304,193,024 Shares)	**14,642**	13,042

	Number of shares issued	**Share Capital** *HK$'000*
As at 31 March 2015	1,304,193,024	13,042
Conversion of Convertible Bonds I *(note)*	160,000,000	1,600
As at 31 March 2016	**1,464,193,024**	**14,642**

Note: During the Financial Year, 160,000,000 new ordinary shares were issued by the Company upon the conversion of its convertible bonds in an aggregate principal amount of HK$64,000,000 (the "Convertible Bonds I") at a conversion price of HK$0.4 per share.

Liquidity and financial resources

As at 31 March 2016, the Group had bank and cash balances of approximately HK$32.4 million (31 March 2015: approximately HK$191.2 million).

As at 31 March 2016, total borrowings of the Group were approximately HK$473.4 million (31 March 2015: approximately HK$420.6 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 interests, amounts due to the subsidiary of an associate, and loan from a non-controlling interest. The Group also had received HK$50 million of funds in advance relating to a convertible bond issued by the Company after the Financial Year.

The ratio of current assets to current liabilities of the Group was 1.54 as at 31 March 2016 as compared to the 2.55 as at 31 March 2015. The Group's gearing ratio as at 31 March 2016 was 0.26 (31 March 2015: 0.22) which is calculated based on the Group's total liabilities of approximately HK$531.1 million (31 March 2015: approximately HK$439.1 million) and the Group's total assets of approximately HK$2,010.2 million (31 March 2015: approximately HK$2,040.6 million).

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

Significant acquisition and investments

During the Financial Year, the Group completed the acquisition of the final tranche in its acquisition of four tranches of convertible bonds that were issued by Extrawell and in consideration the Company issued a convertible bond with a principal amount of HK$64 million to Dr. Mao. The Group acquired the convertible bonds from Dr. Mao pursuant to the conditional sale and purchase agreement entered into between, among others, the Company and Dr. Mao dated 27 April 2013.

Dr. Mao is a controlling shareholder of the Company. Accordingly, Dr. Mao is considered as a connected person of the Company and Extrawell under Chapter 14A of the Listing Rules. As such, the above transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

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

Significant loss on acquisition of convertible bonds

During the Financial Year, the Group acquired the final tranche of convertible bonds issued by Extrawell with a principal amount of HK$64.1 million. The difference between the fair value of the consideration exchange was recognised during the Financial Year and the Group booked an accounting loss of approximately HK$62.2 million.

Issue of Convertible Bonds

On 24 March 2016 (after trading hours), the Company entered into a subscription agreement with Fu Chuang Limited (the "Subscriber"), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HK$50,000,000 (the "Subscription"). The maturity of the Convertible Bonds will be the date falling on the third anniversary from the date of issue of the Convertible Bonds. The Convertible Bonds will be converted into conversion shares, being ordinary shares of the Company of HK$0.01 each, at the conversion price of HK$1.00 (subject to adjustments) per conversion share. The completion of the subscription of the Convertible Bonds by the Subscriber was completed on 13 April 2016.

The Directors are of the view that the Subscription represents a good opportunity for the Company to raise additional funds for the Company without an immediate dilution effect on the shareholding of the existing Shareholders and strengthen the Group's financial position to better equip the Group with financial flexibility for any potential acquisition opportunities as and when appropriate. If the conversion rights attaching to the Convertible Bonds are exercised in full, it will enlarge the Shareholder and capital bases of the Company. It is intended that the net proceeds from the issue of Convertible Bonds will be used to finance potential acquisition opportunities of the Group.

Charges on the Group's assets

As at 31 March 2016, the Group and the Company did not have any charges on their assets (31 March 2015: nil).

Contingent liabilities

Details of litigation and contingent liabilities are set out in note 17 of the consolidated financial statements.

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 2016, the Group had 29 full time employees (31 March 2015: 48), most of whom work in the Company's subsidiaries in the PRC. The decrease in staff is due to a reduction in the business activity of certain segments and the subsequent redundancies. 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$6.7 million (Previous Financial Year: approximately HK$8.2 million).

Segment information

Details of the segment information are set out in note 3 to the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL

Details of the material acquisition and disposal are set out in note 16 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. The non-executive Directors and independent non-executive Directors were not appointed for specific term but are subject to retirement by rotation and re-election at least once every three years in accordance with the provision of the Company's articles of association. 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.

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is composed of three independent non-executive Directors. It reviews with the management of the accounting policies and practices adopted by the Group and discusses the auditing, internal control and financial reporting matters. The Group's audited financial statements for the Financial Year have been reviewed by the Audit Committee.

EXTRACTED FROM INDEPENDENT AUDITORS' REPORT

The auditor expressed an unqualified opinion in the auditor's report, but including an emphasis of matter and other paragraph. Details of which are extracted and reproduced as follows:

"OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

As explained in note 17 to the consolidated financial statements, the major asset held by the Group is the intangible assets in relation to an in-process research and development project (the "In-process R&D") involving an oral insulin product (the "Product") with the carrying amount of HK$1,373,224,000 as at 31 March 2016. This carrying amount is highly dependent upon further research and development work required to be carried out results of the clinical trials, successful launching of the Product and key assumptions to be applied in preparing cash flow projection from the Product. Should the outcome of the clinical trials and the launching of the Product be unsuccessful, or the key assumptions applied in preparing the cash flow projection from the Product turn out to be unrealised, material adjustments may be required and consequently have an adverse effect on the net assets and the results of the Group.

OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 March 2015 were audited by another auditor who expressed an unqualified opinion on those statements on June 2015 with an emphasis of matter paragraph in relation to the uncertainty of the successful launching of the Product which may materially affect the carrying amount of the In-process R&D held by the Group.**"**

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

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

Hong Kong, 29 June 2016

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. Wu Yanmin (non-executive Director), Ms. Xiao Yan (non-executive Director), Ms. Chen Weijun (independent non-executive Director), Dr. Zhang Zhihong (independent non-executive Director) and Mr. Wang Rongliang (independent non-executive Director).