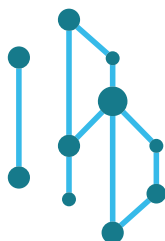


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## **INNOVATIVE PHARMACEUTICAL BIOTECH LIMITED**

### **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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

The board (the “Board”) of directors (the “Directors”) of Innovative Pharmaceutical Biotech Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2015 (the “Financial Period”) together with the comparative figures for the six months ended 30 September 2014 (the “Previous Financial Period”) as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 September 2015

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2015</b>	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>14,817</b>	18,185
Cost of sales and services		<b>(14,390)</b>	(17,845)
Gross profit		<b>427</b>	340
Other income		<b>6,312</b>	1,754
Other gains and losses, net	4	<b>(46,086)</b>	(313,905)
Selling expenses		<b>(126)</b>	(727)
Administrative expenses		<b>(8,991)</b>	(16,324)
Other expenses		<b>(6,528)</b>	(4,050)
Share of results of associates		<b>4,556</b>	(755)
Finance costs	5	<b>(37,832)</b>	(15,974)
Loss before tax		<b>(88,268)</b>	(349,641)
Income tax		<b>–</b>	–
Loss for the period	6	<b>(88,268)</b>	(349,641)

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<i>Note</i>	<b>(unaudited)</b>	(unaudited)
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Fair value changes of available-for-sale financial assets	<b>(915)</b>	163
Reclassification adjustments for the cumulated loss upon disposal of available-for-sale financial assets	<b>(37)</b>	(1,274)
Exchange difference on translation of foreign operations	<b>(295)</b>	10
	<u><b>(1,247)</b></u>	<u>(1,101)</u>
Total comprehensive expense for the period	<u><b>(89,515)</b></u>	<u>(350,742)</u>
Loss for the period attributable to:		
Owners of the Company	<b>(87,455)</b>	(348,990)
Non-controlling interests	<b>(813)</b>	(651)
	<u><b>(88,268)</b></u>	<u>(349,641)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<b>(88,702)</b>	(350,091)
Non-controlling interests	<b>(813)</b>	(651)
	<u><b>(89,515)</b></u>	<u>(350,742)</u>
Loss per share	8	
Basic	<u><b>HK(6.42) cents</b></u>	<u>HK(28.56) cents</u>
Diluted	<u><b>HK(6.42) cents</b></u>	<u>HK(28.56) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		At 30 September 2015 <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2015 <i>HK\$'000</i> <b>(audited)</b>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		35,934	36,346
Interests in associates	9	148,190	143,634
Investments in convertible bonds	10	331,504	257,368
Intangible assets	11	1,373,224	1,373,224
Available-for-sale financial assets		6,835	6,887
Loan to non-controlling interests		4,065	3,557
Amount due from the subsidiary of an associate		14,169	10,378
		<u>1,913,921</u>	<u>1,831,394</u>
<b>Current assets</b>			
Trade receivables	12	9,733	9,992
Prepayments, deposits and other receivables		8,511	7,975
Bank and cash balances		147,454	191,191
		<u>165,698</u>	<u>209,158</u>
<b>Current liabilities</b>			
Trade payables	13	4,645	7,099
Accruals and other payables		10,285	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
		<u>80,571</u>	<u>81,957</u>
<b>Net current assets</b>		<u>85,127</u>	<u>127,201</u>
<b>Total assets less current liabilities</b>		<u>1,999,048</u>	<u>1,958,595</u>

		At <b>30 September</b> <b>2015</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2015 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Convertible bonds	<i>14</i>	<b>365,787</b>	351,400
Deferred tax liabilities		<b>2,174</b>	2,174
Loan from a non-controlling interest		<b>4,065</b>	3,557
		<u><b>372,026</b></u>	<u>357,131</u>
<b>NET ASSETS</b>		<u><b>1,627,022</b></u>	<u>1,601,464</u>
<b>Capital and reserves</b>			
Share capital		<b>14,042</b>	13,042
Reserves		<b>730,207</b>	704,836
		<u><b>744,249</b></u>	<u>717,878</u>
Equity attributable to owners of the Company		<b>744,249</b>	717,878
Non-controlling interests		<b>882,773</b>	883,586
		<u><b>1,627,022</b></u>	<u>1,601,464</u>
<b>TOTAL EQUITY</b>		<u><b>1,627,022</b></u>	<u>1,601,464</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

### **1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### **3. REVENUE AND SEGMENT INFORMATION**

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 and development and commercialisation of products (“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 following is an analysis of the Group's revenue and results by reportable and operating segments:

	Provision of genetic testing services		Distribution of bio-industrial products		Trading of beauty equipment and products		Securities investment		Research and development		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Six months ended 30 September</b>												
Revenue from external customers	-	1	-	-	14,817	18,184	-	-	-	-	14,817	18,185
Segment (loss) profit after tax	(699)	(5,026)	(1,296)	(1,462)	417	381	138	1,150	(402)	(535)	(1,842)	(5,492)

<b>Six months ended 30 September</b>	
2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

Reconciliation of reportable segment profit (loss) after tax:

Total segment loss	(1,842)	(5,492)
Corporate and other expenses	(49,399)	(29,970)
Share of results of associates	4,556	(755)
Unallocated other income, gains and losses, net	(41,583)	(313,424)
Consolidated loss for the period	(88,268)	(349,641)

#### 4. OTHER GAINS AND LOSSES, NET

	<b>Six months ended 30 September</b>	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss on deemed disposal of subsidiaries	-	(184)
Change in fair value of derivative components of investments in convertible bonds ( <i>Note 10</i> )	16,038	(33,780)
Change in fair value of derivative financial instruments ( <i>Note 10</i> )	-	(91,021)
Loss on acquisition of investments in convertible bonds ( <i>Note 10</i> )	(62,161)	(190,194)
Gain on sale of available-for-sale financial assets	37	1,274
	(46,086)	(313,905)

## 5. FINANCE COSTS

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Effective interest expense on convertible bonds ( <i>Note 14</i> )	37,324	15,974
Imputed interest expense on loan from a non-controlling interest of a subsidiary	508	–
	<u>37,832</u>	<u>15,974</u>

## 6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following:

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	559	1,288
Operating lease charges of land and buildings	1,155	1,268
Cost of inventories recognised as an expense	14,390	17,845
Staff costs including directors' emoluments	3,983	4,865
	<u>3,983</u>	<u>4,865</u>

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period (2014: nil).

## 8. LOSS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share		
(loss for the period attributable to owners of the Company)	<u><b>(87,455)</b></u>	<u><b>(348,990)</b></u>
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose		
of basic and diluted loss per share	<u><b>1,362,663</b></u>	<u><b>1,222,002</b></u>

The computation of diluted loss per share for the six months ended 30 September 2015 and 2014 does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would decrease the loss per share for both periods.



## 9. INTERESTS IN ASSOCIATES

	At 30 September 2015 <i>HK\$'000</i> (unaudited)	At 31 March 2015 <i>HK\$'000</i> (audited)
<b>Cost of investments in associates</b>		
Listed in Hong Kong	<b>476,841</b>	476,841
Unlisted	–	–
Share of post-acquisition profits and other comprehensive income	<b>86,104</b>	81,548
Impairment loss on interests in associates	<b>(315,033)</b>	(315,033)
Adjustment against non-controlling interests ( <i>note a</i> )	<b>(99,722)</b>	(99,722)
	<b>148,190</b>	143,634
	<b>166,991</b>	146,403
Fair value of listed investments ( <i>note b</i> )	<b>166,991</b>	146,403

### Notes:

- (a) During the period ended 30 September 2014, the Group purchased 51% equity interest in Smart Ascent Limited (“Smart Ascent”) from Extrawell (BVI) Limited (“Extrawell (BVI)”), a wholly-owned subsidiary of Extrawell Pharmaceutical Holdings Limited (“Extrawell”). Smart Ascent became a non-wholly owned subsidiary of the Company and consequently Smart Ascent and its subsidiaries (“SAL Group”) have been consolidated within 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 from 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.
- (b) The fair value of listed investments is based on the quoted market bid price of the shares of Extrawell and hence include the value attributable to Extrawell’s equity interest in the SAL Group; whereas the carrying amount of the Group’s interest in Extrawell as an associate as at 30 September 2015 and 31 March 2015 does not include that equity interest due to the adjustment against non-controlling interests (see note a above) and therefore is not directly comparable.

As at 30 September 2015, the Group had interests in the following associates:

Name of entity	Place of incorporation/ registration	Principal place of operation	Class of shares held	Proportion nominal of value of issued capital held by the Group		Proportion of voting power held		Principal activity
				30.9.2015	31.3.2015	30.9.2015	31.3.2015	
Extrawell	Bermuda	PRC	Ordinary shares	19.14%	19.14%	19.14%	19.14%	Development, manufacture and sale of pharmaceutical products
Longmark (Shanghai) Healthcare Limited	PRC	PRC	Registered capital	49.78%	49.78%	33.33%	33.33%	Provision of health care management services

## 10. 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”), the ultimate controlling shareholder of the Company 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\$256,200,000 (“Sale CB-II”) from Dr. Mao at an aggregate consideration up to a maximum amount of HK\$256,000,000 (“Consideration II”). Consideration I was satisfied by cash consideration of HK\$120,000,000 and issuance of convertible bonds in the principle amount of HK\$200,000,000 by the Company. Consideration II was satisfied by issuance of convertible bonds in the principle amount of HK\$256,000,000 in four batches by the Company.

The Sale CB-I and Sale CB-II (collectively referred to as “Sale CBs”) are zero coupon convertible bonds, with a maturity date at the 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 acquisition of the first, second, third and fourth 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, 31 December 2014 and 30 April 2015, respectively. On initial recognition, the fair values of the liability components of HK\$2,572,000, HK\$2,628,000, HK\$2,533,000 and HK\$2,801,000 of the first, second, third and fourth batches of Sale CB-II, respectively, were determined using the prevailing market interest rate of similar non-convertible debts and are carried at amortised cost subsequently. The fair value of the embedded conversion option at the respective acquisition dates, 31 March 2015 and 30 September 2015 are calculated using the Binomial Model and taking into account the dilution effect of the conversion of the convertible bonds. The inputs into the model were as follows:

	24 April 2014	30 August 2014	30 September 2014	31 March 2015	30 April 2015	30 September 2015
Stock price	HK\$0.4	HK\$0.335	HK\$0.325	HK\$0.32	HK\$0.55	HK\$0.365
Exercise price	HK\$0.6413	HK\$0.6413	HK\$0.6413	HK\$0.6413	HK\$0.6413	HK\$0.6413
Discount rate	18.21%	18.44%	19.04%	18.52%	18.76%	18.78%
Risk-free rate ( <i>note a</i> )	2.70%	2.28%	2.24%	1.72%	1.81%	1.76%
Expected volatility ( <i>note b</i> )	63.71%	62.61%	61.73%	60.46%	58.62%	60.19%
Expected dividend yield ( <i>note c</i> )	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Notes:*

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of Extrawell over the bond period.
- (c) Estimated regarding the historical dividend payout of Extrawell.

During the period ended 30 September 2015, the Group recognised (i) loss on acquisition of investments in convertible bonds of approximately HK\$62,161,000 in profit or loss which resulted from differences between the fair value of Consideration II of the fourth batch of Sale CB-II of HK\$117,161,000 and the aggregate amount of fair value of Sale CB-II of HK\$55,000,000 as at 30 April 2015; and (ii) subsequent increase in fair value changes on the derivative components of investments in convertible bonds of HK\$16,038,000 as at 30 September 2015.

During the period ended 30 September 2014, the Group recognised (i) loss on acquisition of investments in convertible bonds of approximately HK\$190,194,000 in profit or loss, which resulted from differences between a) the fair value of Consideration II of the first batch and second batch of Sale CB-II of HK\$263,975,000 and b) the aggregate amount of the fair value of Sale CB-II of HK\$40,143,000 and HK\$33,638,000 as at 24 April 2014 and 30 August 2014, respectively; (ii) fair value loss of the forward contracts to acquire the third batch of Sale CB-II and to issue the convertible bonds by the Company upon completion of the first batch of Sale CB-II of HK\$91,021,000; and (iii) subsequent decrease in fair value changes on the derivative components of investments in convertible bonds of HK\$33,780,000 as at 30 September 2014.

As at 30 September 2015, the carrying amounts of the debt and the derivative components of the investments in convertible bonds are HK\$29,930,000 (31 March 2015: HK\$24,031,000) and HK\$301,574,000 (31 March 2015: HK\$233,337,000), respectively.

## 11. INTANGIBLE ASSETS

The intangible assets represent an in-process research and development project involving an oral insulin product (the “Product”) (the “In-process R&D”). 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 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 Arrangement. 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. 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. The management believed that any reasonably possible change in any of these assumptions used in cash flow projections would not cause the carrying amount of In-process R&D to exceed the recoverable amount. Other 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, PRC legal advisors of the Company have informed that if the THU Collaboration Arrangement is early terminated or expired, Fosse Bio will no longer have the exclusive right of the commercialisation of the Product. Either 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 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 of the Company are in the opinion that no impairment on the In-process R&D should be recognised.

## 12. TRADE RECEIVABLES

The credit terms granted by the Group to its customers generally range from 30 to 180 days.

The following is an analysis of trade receivables by age, presented based on the invoice dates, which approximated the respective revenue recognition dates at the end of the reporting period:

	<b>At</b> <b>30 September</b> <b>2015</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>At</b> 31 March 2015 <i>HK\$'000</i> (audited)
30 days or less	2,428	2,610
31 to 60 days	2,348	1,765
61 to 180 days	4,957	5,617
	<u>9,733</u>	<u>9,992</u>

## 13. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	<b>At</b> <b>30 September</b> <b>2015</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>At</b> 31 March 2015 <i>HK\$'000</i> (audited)
30 days or less	2,357	2,541
31 to 60 days	2,280	1,714
61 to 180 days	–	2,844
Over 180 days	8	–
	<u>4,645</u>	<u>7,099</u>

## 14. CONVERTIBLE BONDS

Pursuant to the placing agreement and subscription agreement entered on 18 February 2013, the Company issued convertible bonds (“Convertible Bonds”) with coupon rate of 0.1% per annum and an aggregate principal amount of HK\$133,000,000 at par on 11 June 2013. The Convertible Bonds mature on the tenth anniversary of the date of issue.

The Convertible Bonds entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds, at the conversion price per share of HK\$0.4, subject to anti-dilution clauses.

If the Convertible Bonds have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue. The Company is allowed at any time since the date of issue to the maturity date, to redeem all or part of the outstanding Convertible Bonds at par any time from the date of issuance together with interest accrued to the date fixed for redemption by giving not less than 14 business days' notices to the bond holders.

The Convertible Bonds are issued in HK\$. The Convertible Bonds contain two components, liability (together with embedded derivative for early redemption right by the Company which is closely related to the host debt) and equity components. On 11 June 2013, the fair value of the liability component was HK\$13,938,000, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The equity component is HK\$117,416,000, which is the difference between the proceeds received and the fair value of the liability component, net of transaction costs attributable to the liability and equity components of HK\$193,000 and HK\$1,646,000 respectively.

During the period ended 30 September 2014, Convertible Bonds with aggregate principal amounts of HK\$6,800,000 were converted into ordinary shares of the Company.

The movement of liability component of Convertible Bonds for the period is set out below:

	<b>Principal amount HK\$'000</b>	<b>Carrying amount HK\$'000</b>
As at 1 April 2014 (audited)	6,800	853
Interest charge ( <i>Note 5</i> )	–	65
Conversion to ordinary shares	<u>(6,800)</u>	<u>(918)</u>
30 September 2014 (unaudited)	<u>–</u>	<u>–</u>

As disclosed in Note 10, the Company issued convertible bonds in an aggregate principle amount of HK\$436,800,000 and HK\$51,200,000 respectively on 25 October 2013 and 27 December 2013 (collectively referred to as “Convertible Bonds I”) for the acquisition of Sale CB-I and 450,000,000 ordinary shares of Extrawell. The Convertible Bonds I with a zero coupon rate mature on the tenth anniversary of the date of issue.

The Convertible Bonds I entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds I, at the conversion price per share of HK\$0.4, subject to anti-dilution clauses.

If the Convertible Bonds I have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue.

The Convertible Bonds I are issued in HK\$. The fair values of the liability component were HK\$42,886,000 and HK\$4,981,000 for the Convertible Bonds I issued by the Company at 25 October 2014 and 27 October 2014 respectively, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair values of the conversion option of HK\$671,267,000 and HK\$82,161,000 were classified as the equity component for Convertible Bond I issued by the Company at 25 October 2014 and 27 October 2014 respectively, and are calculated using Binomial Model.

On 27 June 2014 and on 16 June 2015, Convertible Bonds I with aggregate principal amounts of HK\$60,400,000 and HK\$40,000,000 respectively were converted into ordinary shares of the Company.

The movement of the liability component of Convertible Bonds I for both periods is set out below:

	<b>Principal amount <i>HK\$'000</i></b>	<b>Carrying amount <i>HK\$'000</i></b>
As at 1 April 2014 (audited)	476,000	51,375
Interest charge ( <i>Note 5</i> )	–	5,915
Conversion to ordinary shares	<u>(60,400)</u>	<u>(6,928)</u>
30 September 2014 (unaudited)	<u>415,600</u>	<u>50,362</u>
As at 1 April 2015 (audited)	415,600	56,547
Interest charge ( <i>Note 5</i> )	–	6,518
Conversion to ordinary shares	<u>(40,000)</u>	<u>(5,702)</u>
30 September 2015 (unaudited)	<u>375,600</u>	<u>57,363</u>

As disclosed in Note 10, the Company issued convertible bonds in an aggregate principle amount of HK\$64,000,000, HK\$64,000,000, HK\$64,000,000 and HK\$64,000,000 respectively on 24 April 2014, 30 August 2014, 31 December 2014 and 30 April 2015 (collectively referred to as “Convertible Bonds II”) for the acquisition of Sale CB-II first, second, third and fourth batches respectively. The Convertible Bonds II with zero coupon rate will mature on the tenth anniversary of the date of issue.

The Convertible Bonds II entitle the bond holders to convert them into shares of the Company at any time within 10 years from the date of issue of the Convertible Bonds II at the conversion price per share of HK\$0.4, subject to anti-dilution clauses.

If the Convertible Bonds II have not been converted, they will be redeemed at par on the tenth anniversary of the date of issue.

The Convertible Bonds II are issued in HK\$. The fair values of the liability components were HK\$6,622,000, HK\$6,916,000, HK\$7,577,000 and HK\$7,790,000 for the Convertible Bonds II issued by the Company at 24 April 2014, 30 August 2014, 31 December 2014 and 30 April 2015 respectively, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair values of the conversion option of HK\$131,454,000, HK\$118,983,000, HK\$112,597,000 and HK\$109,371,000 classified as equity components for the Convertible Bonds II issued by the Company at 24 April 2014 and 30 August 2014, 31 December 2014 and 30 April 2015 respectively are calculated using Binomial Model. The inputs into the model were as follows:

	<b>Principal amount of HK\$64,000,000</b>			
	<b>24 April 2014</b>	<b>30 August 2014</b>	<b>31 December 2014</b>	<b>30 April 2015</b>
Stock price	HK\$1.42	HK\$1.19	HK\$1.16	HK\$1.16
Exercise price	HK\$0.40	HK\$0.40	HK\$0.40	HK\$0.40
Discount rate	25.46%	24.92%	23.78%	23.44%
Risk-free rate ( <i>note a</i> )	2.20%	1.84%	1.85%	1.48%
Expected volatility ( <i>note b</i> )	84.57%	82.53%	80.79%	79.49%
Expected dividend yield ( <i>note c</i> )	0.00%	0.00%	0.00%	0.00%

*Notes:*

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of the Company over the bond period.
- (c) Estimated regarding the historical dividend payout of the Company.

None of Convertible Bonds II was converted into ordinary shares of the Company during both interim periods.



The movement of the liability component of Convertible Bond II for both periods is set out below:

	<b>Principal amount HK\$'000</b>	<b>Carrying amount HK\$'000</b>
As at 1 April 2014 (audited)	–	–
Issuance of Convertible Bonds II	128,000	13,538
Interest charge ( <i>Note 5</i> )	–	826
	<hr/>	<hr/>
30 September 2014 (unaudited)	128,000	14,364
	<hr/>	<hr/>
As at 1 April 2015 (audited)	192,000	24,061
Issuance of Convertible Bonds II	64,000	7,790
Interest charge ( <i>Note 5</i> )	–	3,517
	<hr/>	<hr/>
30 September 2015 (unaudited)	256,000	35,368
	<hr/>	<hr/>

The Company issued convertible bonds in an aggregate principle amount of HK\$715,000,000 on 28 July 2014 (collectively referred to as “Convertible Bonds III”) for the acquisition of 51% equity interest in Smart Ascent. The Convertible Bonds III with a coupon rate of 3.5% per annum mature on the seventh anniversary of the date of issue.

The Convertible Bonds III entitle the bond holders to convert them into shares of the Company at any time within 7 years from the date of issue of the Convertible Bonds III, at the conversion price per share of HK\$2.5, subject to anti-dilution clauses.

If the Convertible Bonds III have not been converted, they will be redeemed at par on the seventh anniversary of the date of issue.

The Convertible Bonds III are issued in HK\$. The fair value of the liability component was HK\$233,547,000 for the Convertible Bonds III issued by the Company at 28 July 2014, which has been determined by the discounted cash flow approach using the prevailing market interest rate of similar non-convertible bonds and taking into account the credit risk of the Company. The fair value of the conversion option of HK\$136,646,000 was classified as the equity component for the Convertible Bonds III issued by the Company at 28 July 2014 and is calculated using Binomial Model. The inputs into the model were as follows:

	<b>28 July 2014 principal amount of HK\$715,000,000</b>
Stock price	HK\$1.27
Exercise price	HK\$2.5
Discount rate	24.67%
Risk-free rate ( <i>note a</i> )	1.63%
Expected volatility ( <i>note b</i> )	80.04%
Expected dividend yield ( <i>note c</i> )	0.00%

*Notes:*

- (a) The rate was determined with reference to the yields of Hong Kong government bonds and treasury bills as at the date of valuation.
- (b) Based on the historical price volatility of the Company over the bond period.
- (c) Estimated regarding the historical dividend payout of the Company.

None of Convertible Bonds III was converted into ordinary shares of the Company during both interim periods.

The movement of the liability component of Convertible Bond III for both periods is set out below:

	<b>Principal amount <i>HK\$'000</i></b>	<b>Carrying amount <i>HK\$'000</i></b>
As at 1 April 2014 (audited)	–	–
Issuance of Convertible Bonds III	715,000	233,547
Interest charge ( <i>Note 5</i> )	–	9,168
	<hr/>	<hr/>
30 September 2014 (unaudited)	715,000	242,715
	<hr/>	<hr/>
As at 1 April 2015 (audited)	715,000	270,792
Interest paid	–	(25,025)
Interest charge ( <i>Note 5</i> )	–	27,289
	<hr/>	<hr/>
30 September 2015 (unaudited)	715,000	273,056
	<hr/>	<hr/>

## 15. 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 recorded it 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. Full provision had been made by the Group in this regard as at 30 September 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GROUP RESULTS**

Revenue of the Group from continuing operations for the Financial Period fell to HK\$14.8 million from the revenue of HK\$18.2 million recorded in the Previous Financial Period, which was primarily due to a decrease in trading of beauty equipment and products. Although revenues in the trading segment decreased, gross margins rose due to the management's focus on increasing the proportion of higher margin products being sold. Loss attributable to the owners of the Company was HK\$87.5 million for the Financial Period, representing an improvement from the loss of HK\$349.0 million for the Previous Financial Period. The reduction of loss was primarily caused by less impairment loss being required to be made for the Group's investment in convertible bonds issued by Extrawell.

### **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 and expects to generate greater business activity going forward. There was no revenue arising from the provision of genetic testing services during the Financial Period, a decrease from the HK\$1,130 that arose in the Previous Financial Period.

#### **Distribution of bio-industrial products**

The Group has held the exclusive distribution rights for the distribution of bone chips and fat in the PRC from 1 January 2010 for an initial term of 5 years, the terms of which were 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 Period and Previous Financial Period.

## **Trading of beauty equipment and products**

The Group commenced the trading of beauty equipment and products since June 2013. During the Financial Period, revenue arising from the trading of beauty equipment and products amounted to HK\$14.8 million, representing a decline of approximately 18.7% below the revenue of HK\$18.2 million recorded for the Previous Financial Period.

## **Investments in Extrawell**

In April 2013, the Company entered into a conditional sale and purchase agreement through which the Group acquired shares and convertible bonds issued by Extrawell. The Group's investment in Extrawell is sensitive to share price fluctuations of Extrawell's publicly traded shares and subject to impairment assessment in accordance with Hong Kong Accounting Standards.

## **Research and development**

In July 2014, the Company completed the acquisition of a majority stake in the SAL Group, representing 51% of the issued share capital of Smart Ascent. Upon completion of this acquisition, 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 research and development of a technology that would allow insulin to be administered orally.

The SAL Group is undergoing restructuring that will allow the Group to better deploy funding to its research segment and improve the efficiency of research and development spending. The Group will make announcements as appropriate and in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Thus far, the Group has financed the research and development of the oral insulin technology with the Group's internal resources but remains active and open to other fundraising activities.

## **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 and regulatory environment of genetic testing in the PRC and does not anticipate a strong recovery in the industry in the near-term.

## **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 the 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 approximately RMB4.2 million to the plaintiffs. Payments made in respect of the litigation are scheduled by the courts and the courts have delayed payments to the plaintiff at this time. Further announcements will be made by the Company as 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 represents the major component contributing to the Group's revenues. It is expected that the rising GDPs and average incomes in many Asian developing countries will continue to create greater demand for this segment. Revenues and profit margins of the Group from the trading segment have been relatively stable in the past and the Group aims to increase trading volume by offering trading terms more favourable than competitors as compared to the industry and by offering products with high demand and thereby improving profits of the Group in the long run.

## **Securities investment**

Despite a strong stock market in the first quarter of 2015, the PRC and Hong Kong stock markets deteriorated significantly in the second half of 2015. Management of the Group is optimistic of the long-term recovery of those markets and will continue to manage a diverse portfolio of Asian stocks and bonds.

## **Research and development**

The Group operates the SAL Group with the intention of completing the research and development of the technology that would allow insulin to be administered orally.

During the Financial Period, the Group explored potential opportunities with investors and potential partners. As at the date of this announcement, the Group has yet to encounter a suitable business partner. The Group will continue to evaluate potential products that would be used to bolster the Group's pipeline.

## FINANCIAL REVIEW

### Capital structure

	<b>30.9.2015</b> <i>HK\$'000</i> (unaudited)	31.3.2015 <i>HK\$'000</i> (audited)
<i>Authorised:</i>		
50,000,000,000 ordinary shares of HK\$0.01 each (the "Shares")	<u>500,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
1,404,193,024 Shares (As at 31 March 2015: 1,304,193,024 Shares)	<u>14,042</u>	<u>13,042</u>
	<b>Number of shares issued</b>	<b>Share capital <i>HK\$'000</i></b>
As at 31 March 2015	1,304,193,024	13,042
Conversion of Convertible Bonds I ( <i>note</i> )	<u>100,000,000</u>	<u>1,000</u>
<b>As at 30 September 2015</b>	<b><u>1,404,193,024</u></b>	<b><u>14,042</u></b>

*Note:* During the period ended 30 September 2015, 100,000,000 new shares were issued upon the conversion of its convertible bonds in an aggregate principal amount of HK\$40,000,000 (the "Convertible Bonds I") at a conversion price of HK\$0.4 per Share.

### Liquidity and financial resources

As at 30 September 2015, the Group had bank and cash balances of approximately HK\$147.5 million (31 March 2015: approximately HK\$191.2 million).

As at 30 September 2015, total borrowings of the Group were approximately HK\$435.5 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, amount due to the subsidiary of an associate, and loan from a non-controlling interest.

The ratio of current assets to current liabilities of the Group was 2.06 as at 30 September 2015 as compared to 2.55 as at 31 March 2015. The Group's gearing ratio as at 30 September 2015 was 0.22 (31 March 2015: 0.22) which is calculated based on the Group's total liabilities of approximately HK\$452.6 million (31 March 2015: approximately HK\$439.1 million) and the Group's total assets of approximately HK\$2,079.6 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 Period, the Group completed the final tranche in its acquisition of four tranches of convertible bonds that were issued by Extrawell. 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 (hereinafter referred to as "Transaction II"). The Company issued four tranches of convertible bonds with a principal amount of HK\$64 million for each tranche as consideration for the above transaction.

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.

Further, after the Financial Period, the Company had also initiated negotiation for acquisition of majority interests of a company in Bulgaria, a resort in Bulgaria which consists of hotels, a golf course and residential property, as well as a potential investment in the Company by China Travel Financial Holdings Limited. As at the date of this announcement, no definitive agreement has been entered into by the Company in relation to such potential acquisition and potential investment.

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



### **Significant loss on acquisition of convertible bonds**

During the Financial Period, the Group acquired one tranche of convertible bonds issued by Extrawell with a principal amount of HK\$64.13 million. The difference between the fair value of the considerations exchanged was recognised during the Financial Period and booked an accounting loss of approximately HK\$62.2 million.

### **Charges on the Group's assets**

As at 30 September 2015, 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 15 to this announcement.

### **Foreign exchange exposure**

The monetary assets and liabilities and businesses of the Group are mainly carried out and 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 Period. The Group will continue to monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

### **Number and remuneration of employees**

As at 30 September 2015, the Group had 32 (31 March 2015: 48) full-time employees, most of whom were working 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 remuneration of the employees and Directors is 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 Period amounted to approximately HK\$4 million (Previous Financial Period: approximately HK\$4.9 million).

## **Segment information**

Details of the segment information is set out in note 3 to this announcement.

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

During the Financial Period, 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 is committed to striving good corporate governance practices and emphasising on transparency and accountability to its shareholders and stakeholders for enhancing investor confidence. Throughout the Financial Period, the Company has adopted and complied with all the code provisions as set out in the Corporate Governance Code ("CG Code") as set forth in Appendix 14 to the Listing Rules, save and except for the deviations from code provisions A.2.1 and A.4.1.

### **Code provision A.2.1**

Code provision A.2.1 stipulates that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Jiang Nian is the chairman of the Group. As at the date of this announcement, 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 non-executive Directors and independent non-executive Directors were not appointed for specific terms 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 was unable to fully comply with code provision A.4.1 of the CG Code during the Financial Period.

The Directors believe that, despite the absence of specified terms for non-executive Directors, sufficient measures have been taken to serve the purpose of this code provision and that 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. Upon specific enquiries being made with all the Directors, each of them have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Financial Period in relation to their securities dealings, if any.

## **AUDIT COMMITTEE**

The Company has established an audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors. The Audit Committee reviews with the management the accounting policies and practices adopted by the Group and discusses the auditing, internal control and financial reporting matters. The Group's unaudited interim financial statements for the Financial Period have been reviewed by the Audit Committee.

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

This interim results announcement is published on the websites of the Company ([www.ipb.asia](http://www.ipb.asia) and [www.irasia.com/listco/hk/ipb](http://www.irasia.com/listco/hk/ipb)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the Interim Period 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**  
**Lee Nga Yan**  
*Executive Director*

Hong Kong, 27 November 2015

*As at the date of this announcement, the Board comprises Ms. Jiang Nian (chairman & non-executive director), Ms. Lee Nga Yan (executive director), Dr. Guo Yi (executive director), Mr. Tang Rong (executive director), Ms. Xiao Yan (non-executive director), Ms. Wu Yanmin (non-executive director), Ms. Chen Weijun (independent non-executive director), Dr. Zhang Zhihong (independent non-executive director) and Mr. Wang Rongliang (independent non-executive director).*