



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)

(於開曼群島註冊成立並於百慕達存續之有限公司)

(Stock Code 股份代號：399)

2016/17

INTERIM REPORT 中期報告



Content 目錄

| | |
|--|----|
| Corporate Information | 2 |
| 公司資料 | |
| Chairman's Statement | 4 |
| 主席報告 | |
| Management Discussion and Analysis | 7 |
| 管理層討論及分析 | |
| Other Information Provided in Accordance with the Listing Rules | 19 |
| 根據上市規則披露之其他資料 | |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 27 |
| 簡明綜合損益及其他全面收益表 | |
| Condensed Consolidated Statement of Financial Position | 30 |
| 簡明綜合財務狀況表 | |
| Condensed Consolidated Statement of Changes in Equity | 33 |
| 簡明綜合權益變動表 | |
| Condensed Consolidated Statement of Cash Flows | 36 |
| 簡明綜合現金流量表 | |
| Notes to the Condensed Consolidated Financial Statements | 38 |
| 簡明綜合財務報表附註 | |

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Gao Yuan Xing
Tang Rong

董事會

執行董事

高源興
唐榕

Non-executive Directors

Jiang Nian (*Chairman*)
Xiao Yan
Wu Yanmin

非執行董事

蔣年(*主席*)
肖焱
鄒燕敏

Independent non-executive Directors

Chen Weijun
Zhang Zhihong
Wang Rongliang

獨立非執行董事

陳偉君
張志鴻
王榮樑

Audit Committee

Chen Weijun (*Chairman*)
Zhang Zhihong
Wang Rongliang

審核委員會

陳偉君(*主席*)
張志鴻
王榮樑

Remuneration Committee

Zhang Zhihong (*Chairman*)
Jiang Nian
Wang Rongliang

薪酬委員會

張志鴻(*主席*)
蔣年
王榮樑

Nomination Committee

Zhang Zhihong (*Chairman*)
Jiang Nian
Wang Rongliang

提名委員會

張志鴻(*主席*)
蔣年
王榮樑

HONORARY CHAIRMAN

Mao Yumin

名譽主席

毛裕民

COMPANY SECRETARY

Poon Hon Yin

公司秘書

潘漢彥

LEGAL ADVISERS

Sidley Austin
39/F, Two International Finance Centre
Central, Hong Kong

法律顧問

盛德律師事務所
香港中環
國際金融中心二期三十九樓

Corporate Information

公司資料

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 2111, 21/F.
West Tower Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

香港主要營業地點

香港上環
干諾道中168-200號
信德中心西座21樓2111室

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

股份登記總處及過戶代理處

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

香港股份登記分處及過戶代理處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22樓

AUDITORS

East Asia Sentinel Limited
22/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

核數師

衛亞會計師事務所有限公司
香港灣仔莊士敦道
181號大有大廈22字樓

PRINCIPAL BANKER

Bank of Communications Co., Ltd.

主要往來銀行

交通銀行

STOCK CODE

399

股份代號

399

COMPANY WEBSITE

www.ipb.asia
www.irasia.com/listco/hk/ipb

公司網站

www.ipb.asia
www.irasia.com/listco/hk/ipb

Chairman's Statement

主席報告

Dear Shareholders,

各位股東：

On behalf of the board (the “Board”) of directors (the “Directors”) of Innovative Pharmaceutical Biotech Limited (the “Company”, together with its subsidiaries, the “Group”), I hereby present to all shareholders of the Company (the “Shareholders”) the unaudited consolidated financial results of the Group for the six months ended 30 September 2016 (the “Financial Period”) and the six months ended 30 September 2015 (the “Previous Financial Period”).

本人謹代表領航醫藥及生物科技有限公司(「本公司」，連同其附屬公司統稱「本集團」)之董事(「董事」)會(「董事會」)向本公司所有股東(「股東」)提呈予有關本集團截至二零一六年九月三十日止六個月(「本財政期間」)及截至二零一五年九月三十日止六個月(「上一財政期間」)之未經審核綜合財務業績。

For the Financial Period, the Group recorded a revenue of HK\$6.1 million, representing a decrease of approximately 58.8% in revenue as compared to the revenue of HK\$14.8 million for the Previous Financial Period, which was primarily due to a decrease in trading of beauty equipment and products. Despite the decrease in revenue, the Group's gross profit grew as the trading segment sold a higher mix of higher margin products. For the Financial Period, gross profit of the Group improved to approximately HK\$481,000 from a gross profit of approximately HK\$427,000 for the Previous Financial Period.

本集團於本財政期間錄得之收益為6,100,000港元，較上一財政期間錄得之收益14,800,000港元減少約58.8%，乃主要由於美容設備及產品貿易減少所致。儘管收益下跌，由於貿易分部出售更高比率之較高利潤產品，本集團之毛利有所增長。於本財政期間，本集團由上一財政期間之毛利約427,000港元改善為毛利約481,000港元。

Chairman's Statement

主席報告

For the Financial Period, the loss attributable to the owners of the Company was HK\$73.3 million, representing an improvement from the loss of HK\$87.5 million for the Previous Financial Period, which was primarily due to a loss on acquisition being required to be made for the Group's investment in convertible bonds of Extrawell Pharmaceutical Holdings Limited ("Extrawell"), a company of which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and principally engages in the marketing and distribution, development, manufacturing and sales of pharmaceutical products in the People's Republic of China (the "PRC") in Previous Financial Period.

The Company continues to actively pursue and review potential profitable investments and will continue to focus on improving profitability as necessary to enhance shareholder returns and the sustainable long-term development of the Group as a whole.

於本財政期間，本公司擁有人應佔虧損為73,300,000港元，較上一財政期間之虧損87,500,000港元大幅改善，此乃主要由本集團須對精優藥業控股有限公司（「精優」）之可換股債券之投資作出之收購虧損所致。截至上一財政期間，精優是一間股份於香港聯合交易所有限公司（「聯交所」）主板上市之公司，主要於中華人民共和國（「中國」）從事醫藥產品之營銷及分銷、開發、製造及銷售業務。

本公司繼續積極物色及檢討潛在有利可圖之投資，並將繼續致力於必要時提高盈利能力，以增加股東回報及本集團整體之可持續長期發展。

Chairman's Statement

主席報告

APPRECIATION

On behalf of all the members of the Board, I would like to take this opportunity to express my gratitude to the Shareholders and business partners of the Group for their continued support and trust during the past year, and my most sincere appreciation to the Directors, management and staff at all levels for their dedication, hard work and contributions to the Group.

Jiang Nian
Chairman

Shanghai, 29 November 2016

致謝

本人謹藉此機會代表全體董事會成員，對股東及本集團業務夥伴過去一年的恒久支持及信任表達謝意，本人亦謹此對董事、管理層與各級員工專心致志、勤勉工作及為本集團作出的貢獻，致以最真誠的謝意。

蔣年
主席

上海，二零一六年十一月二十九日

Management Discussion and Analysis

管理層討論及分析

GROUP RESULTS

Revenue of the Group from continuing operations for the Financial Period fell to HK\$6.1 million from the revenue of HK\$14.8 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\$73.3 million for the Financial Period, representing an improvement from the loss of HK\$87.5 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 both the Financial Period and the Previous Financial Period.

集團業績

於本財政期間，本集團來自持續經營業務之收益由上一財政期間錄得收益14,800,000港元降至6,100,000港元，乃主要由於美容設備及產品之貿易活動減少。儘管來自貿易分部之收益減少，但由於管理層注重增加所出售高利潤產品之比重，故毛利率上升。於本財政期間，本公司擁有人應佔虧損為73,300,000港元，較上一財政期間之虧損87,500,000港元有所改善。虧損減少乃主要由於本集團須對精優所發行可換股債券之投資作出之減值虧損減少所致。

業務回顧

提供基因測試服務

從二零一零年起，本集團擁有在中國、香港及澳門地區永久獨家分銷基因測試服務之權利、在其他地區之永久非獨家分銷基因測試服務之權利及就本集團分銷基因測試產品及基因測試服務使用若干標誌之使用權。本集團已授出基因測試產品及服務之分銷權，並預期將於日後造就更頻繁的業務活動。於本財政期間及上一財政期間，提供基因測試服務並無產生收益。

Management Discussion and Analysis

管理層討論及分析

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.

分銷生物產業產品

本集團已擁有自二零一零年一月一日起初步為期五年在中國分銷骨粒及骨油之獨家分銷權利。於初始期限屆滿後，當中之條款獲自動額外延長十年。於本財政期間及上一財政期間，分銷生物產業產品並無產生收益。

Trading of beauty equipment and products

During the Financial Period, revenue arising from the trading of beauty equipment and products amounted to HK\$6.1 million, representing a decline of approximately 58.8% below the revenue of HK\$14.8 million recorded for the Previous Financial Period.

美容設備及美容產品貿易

於本財政期間，美容設備及美容產品貿易所得收益為6,100,000港元，較上一財政期間錄得之收益14,800,000港元減少約58.8%。

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 statement of financial position 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.

於精優之投資

自二零一三年起，本公司已收購精優發行之股份及可換股債券，及精優已成為本集團之聯營公司。本集團於精優之投資於本公司之財務狀況表內列作於聯營公司之投資及於可換股債券之投資，該等結餘對於精優公開交易股份之股價波動較為敏感，並須受限於根據香港會計準則作出之減值評估。

Management Discussion and Analysis

管理層討論及分析

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 Limited (“Smart Ascent” together with its subsidiaries, the “SAL Group”), 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 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.

研發

本集團於其研發資產組合中有一組公司。本公司已收購進生有限公司(「進生」，連同其附屬公司統稱「進生集團」)大部分股權，藉此，進生由本公司擁有51%股權及進生集團旗下之公司成為本公司之非全資附屬公司。進生集團主要從事開發令胰島素可透過口服方式服用之技術。本集團將持續地投入資源以推進臨床測試的工作。本集團將視乎情況並於有任何重大發展時根據香港聯合交易所有限公司證券上市規則(「上市規則」)另行刊發公告。

到目前為止，本集團已調配內部資源撥付研發分部所需資金，但對其他集資及合夥活動仍抱積極及開放之態度，以進一步開發本公司之資產組合及促進本公司之發展。

Management Discussion and Analysis

管理層討論及分析

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. 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 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.

前景

提供基因測試服務

於二零一四年十月，本集團向兩名關連方授出基因測試分銷權，彼等開始於中國提供基因測試服務及銷售基因測試產品。本集團對業務及中國基因測試之監管環境持謹慎態度，且預期業界近期不會出現強勁復甦。本集團正積極物色商業夥伴或潛在投資者以合作或收購本集團基因測試附屬公司。

分銷生物產業產品

本公司之非全資附屬公司中荷(平湖)於二零一零年開始建設生產廠房、研發實驗室及辦公室。自二零一二年起，中荷(平湖)(作為被告方)一直於中國牽涉有關廠房建造成本的民事訴訟案。該民事訴訟案之裁決已於二零一四年四月達成，據此，本集團被裁定有責任向原告支付約人民幣4,200,000元。就訴訟作出之付款由法庭安排，而法庭現時已延遲向原告之付款。本公司將於適當時候根據上市規則之規定另行刊發公告。

Management Discussion and Analysis

管理層討論及分析

Trading of beauty equipment and products 美容設備及美容產品貿易

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.

本集團的主要貿易產品為美容設備及美容產品，及銷售該等美容設備及美容產品為本集團貢獻大部分收益。

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.

過往，本集團來自貿易分部之收益及利潤一直保持相對穩定，及貿易量為該分部盈利能力之主要決定因素。本集團透過向供應商及賣方提供比本集團競爭對手更優越之貿易條件進行競爭並推出高需求之產品，以及在亞洲經濟發展的情況下買賣需求龐大之產品。

During the Financial Period, 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.

於本財政期間，由於本集團重新分配人員專注於其他活動，貿易業務活動有所減少。本集團計劃維持該分部並將於未來逐漸增加有關貿易業務活動。

Securities investment

During the Financial Period, 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.

證券投資

於本財政年度，中國及香港股市大幅下滑。儘管本集團管理層對該等股市將在長期內復甦持正面態度，但同時仍對該等股市於近期的發展方向持謹慎態度。本集團繼續管理由亞洲股份及債券組成的多元化投資組合。

Management Discussion and Analysis

管理層討論及分析

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 Period, the Group explored potential opportunities with investors and potential partners. As at the date of this report, 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.

研發

透過進生集團，本集團已開發可令胰島素透過口服方式服用之技術。

於本財政期間，本集團物色與投資者及潛在夥伴的潛在機遇。於本報告日期，本集團尚未覓得合適的業務夥伴。本集團將繼續評估用於支持本集團產品組合之潛在產品。

FINANCIAL REVIEW

Capital structure

財務回顧

資本架構

| | 30.9.2016 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | 31.3.2016 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|--|---|---|
| <i>Authorised:</i> 法定： | | |
| 50,000,000,000 ordinary shares of HK\$0.01 each (the "Shares") 50,000,000,000股每股面值0.01港元之普通股(「股份」) | 500,000 | 500,000 |
| <i>Issued and fully paid:</i> 已發行及繳足： | | |
| 1,464,193,024 Shares (As at 31 March 2016: 1,464,193,024 Shares) 1,464,193,024股股份(於二零一六年三月三十一日：1,464,193,024股股份) | 14,642 | 14,642 |

Management Discussion and Analysis

管理層討論及分析

| | Number of shares issued 已發行股份數目 | Share capital 股本 HK\$'000 千港元 |
|---|---------------------------------------|--|
| As at 31 March 2016 and at 30 September 2016 於二零一六年三月三十一日及二零一六年九月三十日 | 1,464,193,024 | 14,642 |

Liquidity and financial resources

As at 30 September 2016, the Group had bank and cash balances of approximately HK\$96.9 million (31 March 2016: approximately HK\$32.5 million).

As at 30 March 2016, the group and other parties entered into a capital injection agreement (“the Capital Injection Agreement”) regarding a proposed capital injection into a joint venture, an amount to HK\$150,000,000 was paid to an Escrow Agent as an Escrow Fund. On 6 June 2016, the Capital Injection Agreement was lapsed. The Escrow Fund deposited was fully refunded to the Group on 7 June 2016.

As at 30 September 2016, total borrowings of the Group were approximately HK\$504.7 million (31 March 2016: approximately HK\$473.4 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.

流動資金及財務資源

於二零一六年九月三十日，本集團之銀行及現金結餘約為96,900,000港元(二零一六年三月三十一日：約32,500,000港元)。

於二零一六年三月三十日，本集團與其他訂約方就建議向合營企業注資訂立注資協議(「注資協議」)，並已向託管代理支付150,000,000港元，作為託管基金。於二零一六年六月六日，注資協議失效。已存入的託管基金已於二零一六年六月七日全數退回本集團。

於二零一六年九月三十日，本集團之總借貸約為504,700,000港元(二零一六年三月三十一日：約473,400,000港元)，反映本公司之未轉換可換股債券之債務價值、應付非控股權益款項、應付前非控股權益款項、應付聯營公司之附屬公司款項及來自一非控股權益貸款。

Management Discussion and Analysis

管理層討論及分析

The ratio of current assets to current liabilities of the Group was 1.39 as at 30 September 2016 as compared to 1.54 as at 31 March 2016. The Group's gearing ratio as at 30 September 2016 was 0.27 (31 March 2016: 0.26) which is calculated based on the Group's total liabilities of approximately HK\$505.5 million (31 March 2016: approximately HK\$531.1 million) and the Group's total assets of approximately HK\$1,910.5 million (31 March 2016: approximately HK\$2,010.2 million).

本集團於二零一六年九月三十日之流動資產對流動負債之比率為1.39，而於二零一六年三月三十一日則為1.54。本集團於二零一六年九月三十日之資本負債比率為0.27（二零一六年三月三十一日：0.26），而該項比率乃根據本集團之負債總額約505,500,000港元（二零一六年三月三十一日：約531,100,000港元）及本集團之資產總額約1,910,500,000港元（二零一六年三月三十一日：約2,010,200,000港元）計算。

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

本集團重視盈餘現金及現金等物之安全、短期承諾和可用性。

Significant acquisition and investments

On 29 March 2016, an indirectly wholly-owned subsidiary of the Company, Top Nice Holdings Limited ("Top Nice") and other parties entered in to the Capital Injection Agreement. Pursuant to Capital Injection Agreement, Top Nice would inject capital in the amount of RMB224.75 million cash in a joint venture entity ("Joint Venture"). Upon completion of the capital injection, the Joint Venture would be owned by as to 29% by Top Nice.

重大收購及投資

於二零一六年三月二十九日，本公司間接全資附屬公司麗高集團有限公司（「麗高」）與其他訂約方訂立注資協議。根據注資協議，麗高將向合營經營實體（「合營企業」）以現金注資人民幣224,750,000元。於注資完成後，麗高擁有合營企業29%之權益。

According to the Capital Injection Agreement, the Joint Venture will acquire certain entities which are principally engaged in the business of online travel business, reservation and sales of online travel business, reservation and sales of air tickets hotels accommodation and travel related products.

根據注資協議，合營企業將收購若干實體，主要從事在線旅遊業務、預訂及銷售機票、酒店住宿及旅遊相關產品。

Management Discussion and Analysis

管理層討論及分析

On 6 June 2016, certain conditions precedent to the Capital Injection Agreement are not fulfilled. The Capital Injection Agreement is therefore lapsed. Top Nice shall be treated as being discharged and released from the Capital Injection Agreement.

由於注資協議的若干先決條件於二零一六年六月六日尚未達成，注資協議因此失效。麗高應被視作釋放及解除注資協議。

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.

除上述者外，於本財政期間，本集團並無其他重大投資、作出任何重大收購或出售本集團附屬公司或聯營公司之行為。

Issue of Convertible Bonds and early redemption

On 24 March 2016, 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.

發行可換股債券及提早贖回

於二零一六年三月二十四日，本公司與富創有限公司（「認購人」）訂立認購協議，據此本公司有條件同意發行而認購人有條件同意認購，本金總額為50,000,000港元的可換股債券（「可換股債券」）（「認購事項」）。可換股債券將於發行可換股債券日期起計滿三週年當日到期。可換股債券將按每股轉換股份1.00港元（可予調整）的兌換價轉換為轉換股份（即本公司每股面值0.01港元的普通股）。認購人已於二零一六年四月十三日完成認購可換股債券。

Management Discussion and Analysis

管理層討論及分析

On 6 July 2016, the Company and the Sole Bondholder entered into a supplemental deed (the “Supplemental Deed”), pursuant to which the Company and the Sole Bondholder agreed to amend a term of the Convertible Bonds such that the Company may, at any time prior to the maturity of the Convertible Bonds and by giving the holder(s) of the Convertible Bonds not less than seven (7) working days’ notice, redeem the outstanding Convertible Bonds, in whole or in part, at a price to be agreed between the holder(s) of the Convertible Bonds (the “Redemption Price”) and Company or any of its subsidiaries from time to time (the “Proposed Amendment”). Save and except for the aforesaid, all other terms of the Convertible Bonds remained unchanged.

By a notice of redemption given on 6 July 2016, the Company has elected to redeem the remaining outstanding Convertible Bonds in the aggregate principal amount of HK\$50,000,000 prior to their maturity date of 12 April 2019 at the Redemption Price of HK\$51,003,472 (the “Early Redemption”). In this regard, the Sole Bondholder has agreed to waive the seven (7) working days’ notice period required under the terms of the Convertible Bonds (as amended and supplemented by the Supplemental Deed), and the Early Redemption was fixed and carried out on 6 July 2016 and the Convertible Bonds redeemed were cancelled by the Company.

於二零一六年七月六日，本公司與唯一債券持有人訂立補充契據（「補充契據」），據此，本公司與唯一債券持有人同意修訂可換股債券之條款，致使本公司可於可換股債券到期前隨時透過向可換股債券持有人發出不少於七(7)個工作天之通知，按可換股債券持有人與本公司或其任何不時之附屬公司協定之價格（「贖回價」）贖回全部或部分尚未行使之可換股債券（「建議修訂」）。除上述者外，可換股債券之所有其他條款維持不變。

透過於二零一六年七月六日發出之贖回通知，本公司於到期日（即二零一九年四月十二日）前已選擇贖回餘下本金總額為50,000,000港元之尚未行使之可換股債券，贖回價為51,003,472港元（「提早贖回」）。就此而言，唯一債券持有人已同意豁免可換股債券的條款（經補充契據修訂及補充）下規定的七(7)個工作天之通知期，而提早贖回已確定並於二零一六年七月六日進行，贖回的可換股債券已由本公司註銷。

Management Discussion and Analysis

管理層討論及分析

The Redemption Price was agreed between the Company and the Sole Bondholder pursuant to the terms of the Convertible Bonds (as amended and supplemented by the Supplemental Deed) and is equivalent to 100% of the principal amount of the Convertible Bonds together with the unpaid interest accrued to 6 July 2016, being the date fixed for the Early Redemption.

贖回價乃經本公司與唯一債券持有人根據可換股債券的條款(經補充契據修訂及補充)協定,相當於可換股債券100%的本金額連同於二零一六年七月六日(即確定提早贖回當日)的未支付應計利息。

Charges on the Group's assets

As at 30 September 2016, the Group and the Company did not have any charges on their assets (31 March 2016: Nil).

本集團資產抵押

於二零一六年九月三十日,本集團及本公司並無任何資產抵押(二零一六年三月三十一日:無)。

Contingent liabilities

Details of litigation and contingent liabilities are set out in note 20 to this report.

或然負債

訴訟及或然負債詳情載於本報告附註20。

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.

外匯風險

本集團之貨幣資產及負債以及業務主要以港元、人民幣及美元進行。本集團對其外匯風險管理維持審慎策略,並透過對沖外幣資產與外幣負債以及外幣收益與外幣開支減低外匯風險。於本財政期間,本集團並無使用任何金融工具對沖外幣風險。本集團將密切監察外幣風險,並將於有需要時考慮對沖外幣風險。

Management Discussion and Analysis

管理層討論及分析

Number and remuneration of employees 僱員人數及薪酬

As at 30 September 2016, the Group had 32 (31 March 2016: 29) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. 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.

於二零一六年九月三十日，本集團有32名(二零一六年三月三十一日：29名)全職僱員，大部分均任職本公司於中國之附屬公司。本集團之政策乃僱員及董事之薪酬須與市場一致，並與彼等職責相符。酌情年末花紅乃根據個人表現而向僱員支付。其他僱員福利包括醫療保險、退休計劃、培訓課程及教育資助。

Total staff costs including the Directors' remuneration for the Financial Period amounted to approximately HK\$2.9 million (Previous Financial Period: approximately HK\$4 million).

於本財政期間之員工總成本(包括董事酬金)約為2,900,000港元(上一財政期間：約4,000,000港元)。

Segment information

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

分部資料

分部資料之詳情載於本報告附註3。

Tang Rong

Executive Director

唐榕

執行董事

Hong Kong, 29 November 2016

香港，二零一六年十一月二十九日

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

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 report, 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.

遵守企業管治守則

本公司致力於達致良好的企業管治常規及注重向其股東及股份持有人保持透明度及問責性，以提升投資者信心。於整個財政期間，本公司已採納及遵守上市規則附錄十四所載之企業管治守則（「企業管治守則」）所載之一切守則條文，惟守則條文第A.2.1條及第A.4.1條之偏離情況除外。

守則條文第A.2.1條

守則條文第A.2.1條規定，主席與行政總裁之角色應有區分，並不應由同一人士兼任。蔣年女士為本集團主席。於本報告日期，行政總裁之職位仍懸空。本公司正繼續物色合適人選擔任此職位。

守則條文第A.4.1條

守則條文第A.4.1條規定，非執行董事之委任應有特定任期，並須接受重選。非執行董事及獨立非執行董事之委任並無特定任期，惟須根據本公司組織章程細則之條文，至少每三年輪值告退一次並重選連任。因此，本公司於本財政期間未能全面遵守企業管治守則之守則條文第A.4.1條。

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

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.

董事認為，儘管非執行董事並無指定任期，本公司已採取足夠措施以符合是項守則條文目的，且董事承諾致力代表本公司及其股東之整體長遠利益行事。

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.

董事進行之證券交易

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)，作為董事進行證券交易之行為守則。向所有董事作出特定查詢後，彼等各自己確認，於整個財政期間，彼等已就其證券交易(如有)全面遵守標準守則所載之規定標準。

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.

審核委員會

根據上市規則第3.21及3.22條以及企業管治守則之守則條文第C.3條，本公司已成立本公司之審核委員會(「審核委員會」)，並制定書面職權範圍。審核委員會由三名獨立非執行董事組成。審核委員會與管理層審閱本集團採納之會計政策及慣例，並討論審計、內部監控及財務報告事宜。審核委員會已審閱本集團於本財政期間之未經審核中期財務報表。

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

DIRECTORS' INTERESTS IN SHARES 董事於股份之權益

As at 30 September 2016, the interests or short positions of the Directors, chief executive of the Company or their associates in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be recorded in the register and required to be kept by the Company under Section 352 of the SFO, or which is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

於二零一六年九月三十日，本公司董事、高級行政人員或彼等之聯繫人士於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之任何股份、相關股份或債券中擁有須記錄於登記冊及根據證券及期貨條例第352條本公司須存置或須根據標準守則以其他方式知會本公司及聯交所之權益及或淡倉如下：

Long positions in the issued share capital of the Company 於本公司已發行股本之好倉

| Name of Director | Capacity | Number of shares/ underlying shares held 持有之股份/ 相關股份數目 | Percentage of the issued share capital of the Company 佔本公司已發行股本百分比 |
|------------------|----------|--|---|
| 董事姓名 | 身份 | | |

Tang Rong
唐裕

Beneficial owner
實益擁有人

396,200

0.03%

Save as disclosed above, as at 30 September 2016, none of the Directors, chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which is otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文披露者外，於二零一六年九月三十日，概無本公司董事、高級行政人員或彼等之聯繫人士於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有須根據證券及期貨條例第352條記錄於本公司須存置之登記冊或須根據標準守則以其他方式知會本公司及聯交所之任何權益或淡倉。

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, the register of interests and short positions in the shares and underlying shares of the Company kept under Section 336 of the SFO showed that, the following, other than a Director or chief executive of the Company, had an interest or deemed interest of 5% or more in the issued share capital of the Company:

主要股東及其他人士於 股份及相關股份之權益及 淡倉

於二零一六年九月三十日，根據證券及期貨條例第336條存置之本公司股份及相關股份之權益及淡倉登記冊所載，下列實體（不包括本公司之董事或高級行政人員）於本公司已發行股本中擁有或被視為擁有5%或以上權益：

Long positions in the issued share capital of the Company

於本公司已發行股本之 好倉

| Name of Shareholder | Capacity | Number of shares/ underlying shares held | Percentage of the issued share capital of the Company |
|---|--|---|---|
| 股東姓名／名稱 | 身份 | 持有之股份／ 相關股份數目 | 佔本公司已 發行股本百分比 |
| Dr. Mao Yumin (note 1) 毛裕民博士(附註1) | Beneficial owner 實益擁有人 | 54,700,000 | 3.74% |
| | Interest of a controlled corporation 受控制法團之權益 | 322,351,350 | 22.02% |
| United Gene Holdings Limited (note 1) 聯合基因控股有限公司(附註1) | Beneficial owner 實益擁有人 | 84,500,000 | 5.77% |
| | Interest of a controlled corporation 受控制法團之權益 | 237,851,350 | 16.24% |
| Dr. Xie Yi (note 2) 謝毅博士(附註2) | Interest of a controlled corporation 受控制法團之權益 | 237,851,350 | 16.24% |

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

| Name of Shareholder 股東姓名／名稱 | Capacity 身份 | Number of shares/ underlying shares held 持有之股份／ 相關股份數目 | Percentage of the issued share capital of the Company 佔本公司已 發行股本百分比 |
|--|--|---|---|
| Ease Gold Investment Limited (note 2)(附註2) | Interest of a controlled corporation 受控制法團之權益 | 237,851,350 | 16.24% |
| Good Links Limited (note 3) (附註3) | Interest of a controlled corporation 受控制法團之權益 | 237,851,350 | 16.24% |
| Victory Trend Limited (note 3) (附註3) | Interest of a controlled corporation 受控制法團之權益 | 237,851,350 | 16.24% |
| Best Champion Holdings Limited (note 4) 凱佳控股有限公司(附註4) | Beneficial owner 實益擁有人 | 61,650,000 | 4.21% |
| | Interest of a controlled corporation 受控制法團之權益 | 176,201,350 | 12.03% |
| China United Gene Investment Holdings Limited (note 5) (附註5) | Beneficial owner 實益擁有人 | 176,201,350 | 12.03% |
| Chau Yiu Ting 周耀庭 | Beneficial owner 實益擁有人 | 247,600,000 | 21.01% |

Other Information Provided in Accordance with the Listing Rules 根據上市規則披露之其他資料

Notes:

1. United Gene Holdings Limited is wholly-owned by Dr. Mao, which owns 33.50% equity interests of Best Champion Holdings Limited.
2. Ease Gold Investment Limited, is wholly-owned by Dr. Xie Yi ("Dr. Xie"), which owns 33.50% equity interests of Best Champion Holdings Limited.
3. Victory Trend Limited is wholly-owned by Good Links Limited, which is in turn owned as to 50% by Dr. Mao and as to 50% by Dr. Xie. Victory Trend Limited owns 33.00% equity interests of Best Champion Holdings Limited.
4. The equity interest of Best Champion Holdings Limited is owned as to 33.50%, 33.50% and 33.00% by United Gene Holdings Limited, Ease Gold Investment Limited and Victory Trend Limited, respectively.
5. China United Gene Investment Holdings Limited is owned as to 60% by Best Champion Holdings Limited.

Save as disclosed above, the Directors were not aware of any other relevant interests or short positions of 5% or more in the issued share capital of the Company as at 30 September 2016.

附註：

1. 聯合基因控股有限公司(由毛博士全資擁有)擁有凱佳控股有限公司之33.50%股權。
2. Ease Gold Investment Limited (由謝毅博士(「謝博士」)全資擁有)擁有凱佳控股有限公司之33.50%股權。
3. Victory Trend Limited由Good Links Limited全資擁有，而Good Links Limited由毛博士及謝博士分別擁有50%及50%，而Victory Trend Limited擁有凱佳控股有限公司之33.00%股權。
4. 凱佳控股有限公司分別由聯合基因控股有限公司、Ease Gold Investment Limited及Victory Trend Limited擁有33.50%、33.50%及33.00%股權。
5. China United Gene Investment Holdings Limited由凱佳控股有限公司擁有60%股權。

除上文披露者外，於二零一六年九月三十日，董事並不知悉佔本公司已發行股本5%或以上之任何其他相關權益或淡倉。

Other Information Provided in Accordance with the Listing Rules

根據上市規則披露之其他資料

SHARE OPTION SCHEME

On 6 November 2009 (the “Adoption Date”), the Company adopted a share option scheme (the “Share Option Scheme”) for the purpose of recognising and motivating the contribution of the Group’s eligible employees, non-executive directors, shareholder, customer and supplier to the Group which, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date. After the refreshment of the Share Option Scheme on 3 November 2010, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme may not in aggregate exceed 1,216,450,806, being 10% of the Shares in issue of the Company as at 3 November 2010. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance.

The exercise price of the share options granted under the Share Option Scheme is determined by the Board, but shall not be less than the highest of (i) the nominal value of the Shares; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; or (iii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the grant. No option may be granted to any individual in any 12-month period if the total number of Shares issued and to be issued upon exercise of the option granted to an individual in any 12-month period exceeds 1% of the share capital of the Company in issue unless approval by shareholders is obtained.

購股權計劃

於二零零九年十一月六日（「採納日期」），本公司採納一項購股權計劃（「購股權計劃」），以表揚及激勵本集團之合資格僱員、非執行董事、股東、客戶及供應商對本集團之貢獻，除非以其他方式註銷或修訂，否則，購股權計劃將於採納日期起維持有效十年。於二零一零年十一月三日更新購股權計劃後，因行使根據購股權計劃將予授出之所有購股權而可予發行之最高股份數目合共不得超過1,216,450,806股，即於二零一零年十一月三日本公司已發行股份之10%。每次接納授出購股權須支付1港元之名義代價。

根據購股權計劃授出購股權之行使價由董事會釐定，惟不得低於以下最高者：(i) 股份之面值；(ii) 股份於緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；或(iii) 股份於授出日期在聯交所每日報價表所示之收市價。除非獲得股東批准，否則，倘已發行股份及於行使於任何十二個月期間內授予個別人士之購股權後將予發出之股份之總數超過本公司已發行股本之1%，則於十二個月期間內不得向任何個別人士授出購股權。

Other Information Provided in Accordance with the Listing Rules 根據上市規則披露之其他資料

As at 30 September 2016, the Company had not granted any options to eligible persons of the Share Option Scheme and there were no outstanding share options under the Share Option Scheme.

於二零一六年九月三十日，本公司並無向購股權計劃之合資格人士授出任何購股權，購股權計劃項下亦並無尚未行使之購股權。

Apart from the aforesaid, at no time during the Financial Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and substantial Shareholders or any of their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

除上述者外，於本財政期間任何時間，本公司或其任何附屬公司並無訂立任何安排，致使董事及主要股東或彼等任何聯繫人士可透過收購本公司或任何其他法團之股份或債券而獲得利益。

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.

**購買、出售或贖回本公司
之上市證券**

於本財政期間，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

| | Notes 附註 | Six months ended 30 September 截至九月三十日止六個月 | |
|--|-------------|---|---|
| | | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Revenue 收益 | 3 | 6,046 | 14,817 |
| Cost of sales and services 銷售及服務成本 | | (5,565) | (14,390) |
| Gross profit 毛利 | | 481 | 427 |
| Other income 其他收入 | | 5,802 | 6,312 |
| Other gains and losses, net 其他收益及虧損淨額 | 4 | (28,000) | (46,086) |
| Selling expenses 銷售開支 | | (119) | (126) |
| Administrative expenses 行政開支 | | (9,910) | (8,991) |
| Other expenses 其他開支 | | (157) | (6,528) |
| Share of results of associates 分佔聯營公司業績 | | 4,092 | 4,556 |
| Finance costs 財務費用 | 5 | (46,284) | (37,832) |
| Loss before tax 稅前虧損 | | (74,095) | (88,268) |
| Income tax 所得稅 | | – | – |
| Loss for the period 期內虧損 | 6 | (74,095) | (88,268) |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

| | Six months ended | |
|--|-------------------------|--------------------|
| | 30 September | |
| | 截至九月三十日止六個月 | |
| | 2016 | 2015 |
| | 二零一六年 | 二零一五年 |
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| | (unaudited) | (unaudited) |
| | (未經審核) | (未經審核) |
| Other comprehensive (expense) income | | |
| 其他全面(開支)收益 | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| 其後可能重新分類至損益之項目： | | |
| Fair value changes of available-for-sale financial assets | (634) | (915) |
| 可供出售金融資產之公平值變動 | | |
| Reclassification adjustments for the cumulated loss upon disposal of available-for-sale financial assets | 44 | (37) |
| 出售可供出售金融資產後對累計虧損作出之重新分類調整 | | |
| Exchange difference on translation of foreign operations | (12) | (295) |
| 換算海外業務之匯率差額 | | |
| | (602) | (1,247) |
| Total comprehensive expense for the period | (74,697) | (89,515) |
| 期內全面開支總額 | | |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

| | Note 附註 | Six months ended 30 September 截至九月三十日止六個月 | |
|---|------------|---|---|
| | | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Loss for the period attributable to: 以下人士應佔期內虧損： | | | |
| Owners of the Company 本公司擁有人 | | (73,290) | (87,455) |
| Non-controlling interests 非控股權益 | | (805) | (813) |
| | | (74,095) | (88,268) |
| Total comprehensive expense for the period attributable to: 以下人士應佔期內全面開支總額： | | | |
| Owners of the Company 本公司擁有人 | | (73,892) | (88,702) |
| Non-controlling interests 非控股權益 | | (805) | (813) |
| | | (74,697) | (89,515) |
| Loss per share 每股虧損 | 8 | | |
| Basic 基本 | | HK(5.01) cents港仙 | HK(6.42) cents港仙 |
| Diluted 攤薄 | | HK(5.01) cents港仙 | HK(6.42) cents港仙 |

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 September 2016

於二零一六年九月三十日

| | | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|--|-------------|---|---|
| | Notes 附註 | | |
| Non-current assets | | | |
| 非流動資產 | | | |
| Property, plant and equipment 物業、廠房及設備 | 9 | 35,235 | 35,833 |
| Interests in associates 於聯營公司的權益 | 10 | 123,618 | 128,103 |
| Investments in convertible bonds 於可換股債券的投資 | 11 | 243,000 | 259,555 |
| Intangible assets 無形資產 | 12 | 1,373,224 | 1,373,224 |
| Available-for-sale financial assets 可供出售金融資產 | | 6,288 | 6,921 |
| Loan to non-controlling interests 向非控股權益貸款 | | 5,309 | 4,646 |
| Amount due from the subsidiary of an associate 應收一間聯營公司之附屬公司款項 | | 18,503 | 16,192 |
| | | 1,805,177 | 1,824,474 |
| Current assets | | | |
| 流動資產 | | | |
| Trade receivables 貿易應收賬款 | 13 | 3,946 | - |
| Prepayments, deposits and other receivables 預付款項、按金及其他應收款項 | | 3,845 | 153,259 |
| Bank and cash balances 銀行及現金結餘 | | 96,891 | 32,459 |
| | | 104,682 | 185,718 |

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 September 2016

於二零一六年九月三十日

| | Notes 附註 | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|---|-------------|---|---|
| Current liabilities | | | |
| 流動負債 | | | |
| Trade payables | 14 | 4,273 | 8 |
| 貿易應付賬款 | | | |
| Funds received in advance | | – | 50,000 |
| 預收資金 | | | |
| Accruals and other payables | | 5,133 | 5,291 |
| 應計費用及其他應付款項 | | | |
| Amounts due to non-controlling interests | | 22,872 | 22,871 |
| 應付非控股權益款項 | | | |
| Amounts due to former non-controlling interests | | 823 | 823 |
| 應付前非控股權益款項 | | | |
| Amount due to the subsidiary of an associate | | 41,947 | 41,947 |
| 應付一間聯營公司之附屬公司款項 | | | |
| | | 75,048 | 120,940 |
| Net current assets | | 29,634 | 64,778 |
| 流動資產淨額 | | | |
| Total assets less current liabilities | | 1,834,811 | 1,889,252 |
| 總資產減流動負債 | | | |
| Non-current liabilities | | | |
| 非流動負債 | | | |
| Convertible bonds | 15 | 422,739 | 403,146 |
| 可換股債券 | | | |
| Deferred tax liabilities | | 2,444 | 2,444 |
| 遞延稅項負債 | | | |
| Loan from a non-controlling interest | | 5,309 | 4,646 |
| 來自非控股權益貸款 | | | |
| | | 430,492 | 410,236 |
| NET ASSETS | | 1,404,319 | 1,479,016 |
| 資產淨額 | | | |

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 30 September 2016

於二零一六年九月三十日

| | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|--|---|---|
| Capital and reserves 資本及儲備 | | |
| Share capital 股本 | 14,642 | 14,642 |
| Reserves 儲備 | 510,978 | 584,870 |
| Equity attributable to owners of the Company 本公司擁有人應佔權益 | 525,620 | 599,512 |
| Non-controlling interests 非控股權益 | 878,699 | 879,504 |
| TOTAL EQUITY 權益總額 | 1,404,319 | 1,479,016 |

The condensed consolidated financial statements on pages 27 to 84 were approved and authorised for issue by the Board of Directors on 29 November 2016 and are signed on its behalf by:

載於第27頁至第84頁之簡明綜合財務報表已經由董事會於二零一六年十一月二十九日批准及授權刊發，並由以下董事代表簽署：

JIANG NIAN

蔣年
DIRECTOR
董事

TANG RONG

唐榕
DIRECTOR
董事

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

Attributable to owners of the Company

本公司擁有人應佔

| | Share capital | Share premium | Convertible | Investment | Property | Other reserve | Statutory reserve | Foreign | Accumulated losses | Total | Non- | Total |
|--|---------------|---------------|----------------------|---------------------|---------------------|---------------|-------------------|------------------------------|--------------------|----------|-----------------------|-----------|
| | | | bonds equity reserve | revaluation reserve | revaluation reserve | | | currency translation reserve | | | controlling interests | |
| | 股本 | 股份溢價 | 可換股債券權益儲備 | 投資重估儲備 | 物業重估儲備 | 其他儲備 | 法定儲備 | 外幣兌換儲備 | 累計虧損 | 總計 | 非控股權益 | 總計 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | | | | | (Note a) (附註a) | | (Note b) (附註b) | | | |
| At 1 April 2015 (audited) 於二零一五年四月一日(經審核) | 13,042 | 1,013,046 | 1,141,845 | 73 | 5,123 | 4,140 | 347 | 2,716 | (1,462,454) | 717,878 | 883,586 | 1,601,464 |
| Loss for the period 期內虧損 | - | - | - | - | - | - | - | - | (87,455) | (87,455) | (813) | (88,268) |
| Other comprehensive expense for the period 期內其他全面開支 | - | - | - | (952) | - | - | - | (295) | - | (1,247) | - | (1,247) |
| Total comprehensive expense for the period 期內全面開支總額 | - | - | - | (952) | - | - | - | (295) | (87,455) | (88,702) | (813) | (89,515) |
| Recognition of equity component of convertible bonds 確認可換股債券之權益部分 | - | - | 109,371 | - | - | - | - | - | - | 109,371 | - | 109,371 |
| Issue of shares upon conversion of convertible bonds 轉換可換股債券時發行股份 | 1,000 | 66,173 | (61,471) | - | - | - | - | - | - | 5,702 | - | 5,702 |
| | 1,000 | 66,173 | 47,900 | - | - | - | - | - | - | 115,073 | - | 115,073 |
| At 30 September 2015 (unaudited) 於二零一五年九月三十日(未經審核) | 14,042 | 1,079,219 | 1,189,745 | (879) | 5,123 | 4,140 | 347 | 2,421 | (1,549,909) | 744,249 | 882,773 | 1,627,022 |

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

Attributable to owners of the Company

本公司擁有人應佔

| | Share capital | Share premium | Convertible bonds | Investment | Property | Other reserve | Statutory reserve | Foreign currency | Accumulated losses | Total | Non-controlling interests | Total |
|--|---------------|---------------|-------------------|---------------------|---------------------|---------------|-------------------|------------------|--------------------|----------|---------------------------|-----------|
| | | | equity reserve | revaluation reserve | revaluation reserve | | | translation | | | interests | |
| | 股本 | 股份溢價 | 可換股債券權益儲備 | 投資重估儲備 | 物業重估儲備 | 其他儲備 | 法定儲備 | 外幣兌換儲備 | 累計虧損 | 總計 | 非控股權益 | 總計 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | | | | | (Note a) | | (Note b) | | | |
| | | | | | | | (附註a) | | (附註b) | | | |
| At 1 April 2016 (audited) 於二零一六年四月一日(經審核) | 14,642 | 1,119,294 | 1,152,862 | (402) | 5,934 | 4,140 | 347 | 2,014 | (1,699,319) | 599,512 | 879,504 | 1,479,016 |
| Loss for the period 期內虧損 | - | - | - | - | - | - | - | - | (73,290) | (73,290) | (805) | (74,095) |
| Other comprehensive expense for the period 期內其他全面開支 | - | - | - | (590) | - | - | - | (12) | - | (602) | - | (602) |
| Total comprehensive expense for the period 期內全面開支總額 | - | - | - | - | - | - | - | - | - | - | - | - |
| At 30 September 2016 (unaudited) 於二零一六年九月三十日(未經審核) | 14,642 | 1,119,294 | 1,152,862 | (992) | 5,934 | 4,140 | 347 | 2,002 | (1,772,609) | 525,620 | 878,699 | 1,404,319 |

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

Notes:

附註：

- (a) As stipulated by the relevant laws and regulations of the PRC, before distribution of the net profit each year, the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory reserve. The reserve can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase in capital. During the six months ended 30 September 2016 and 2015, there was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss during both periods.
- (a) 按照中國的相關法律及法規所訂明，每年分派純利前，本集團在中國設立的附屬公司須自其稅後純利撥出10%至法定儲備。法定儲備僅可用於抵銷累計虧損或增資，並須得到此等在中國設立之附屬公司之董事會及有關政府當局核准後方可使用。於截至二零一六年及二零一五年九月三十日止六個月，由於本集團之中國附屬公司均錄得虧損淨額，故於該兩段期間並無任何金額從保留溢利轉撥至法定儲備。
- (b) Remittance outside the PRC of retained profits of the subsidiaries established in the PRC is subject to approval of the local authorities and the availability of foreign currencies generated and retained by these subsidiaries.
- (b) 於中國成立之附屬公司之保留溢利之境外匯款須經當地政府批准及視乎此等附屬公司產生及保留外幣之可能性而定。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

| | Six months ended 30 September | |
|---|--|-------------|
| | 截至九月三十日止六個月 | |
| | 2016 | 2015 |
| | 二零一六年 | 二零一五年 |
| | (unaudited) | (unaudited) |
| | (未經審核) | (未經審核) |
| NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES 經營活動所得/(所用)現金淨額 | 90,500 | (18,175) |
| INVESTING ACTIVITIES 投資活動 | | |
| Proceeds on disposal of available-for-sale financial assets 出售可供出售金融資產之所得款項 | 1,711 | 2,572 |
| Other investing cash flows 其他投資現金流量 | (1,739) | (2,602) |
| NET CASH (USE IN) FROM INVESTING ACTIVITIES 投資活動(所用)所得現金淨額 | (28) | (30) |
| FINANCING ACTIVITIES 融資活動 | | |
| Interest paid 已付利息 | (26,028) | (25,025) |

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

| | Six months ended 30 September | |
|--|--|-------------|
| | 2016 | 2015 |
| | 二零一六年 | 二零一五年 |
| | (unaudited) | (unaudited) |
| | (未經審核) | (未經審核) |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES 融資活動(所用)所得現金淨額 | (26,028) | (25,025) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 現金及現金等價物(減少)增加淨額 | 64,444 | (43,230) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD 期初現金及現金等價物 | 32,459 | 191,191 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES 外幣匯率變動影響 | (12) | (507) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash 期末現金及現金等價物，指銀行結餘及現金 | 96,891 | 147,454 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

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 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

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.

1. 編製基準

簡明綜合財務報表乃按香港會計師公會（「香港會計師公會」）頒佈之香港會計準則第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則附錄十六之適用披露規定編製。

2. 主要會計政策

簡明綜合財務報表乃根據過往成本編撰，惟若干按重估金額或公平值計量（如適用）之物業及財務工具除外。

截至二零一六年九月三十日止六個月的簡明綜合財務報表所採用的會計政策及計算方法與編製本集團截至二零一六年三月三十一日止年度之年度財務報表所遵循者一致。

於本中期期間內，本集團首次應用若干由香港會計師公會頒佈並於本中期期間強制生效之香港財務報告準則（「香港財務報告準則」）之修訂。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued) 2. 主要會計政策(續)

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.

於本中期期間內，應用新訂及經修訂香港財務報告準則對該等簡明綜合財務報表呈報的金額及／或該等簡明綜合財務報表所載之披露事項並無造成重大影響。

3. REVENUE AND SEGMENT INFORMATION 3. 收益及分部資料

The Group has five reportable and operating segments as follows:

本集團有以下五個呈報及營運分部：

- | | |
|--|---------------------------------|
| (a) provision of genetic testing services in the PRC and Hong Kong ("Provision of genetic testing services") | (a) 於中國及香港提供基因測試服務(「提供基因測試服務」) |
| (b) distribution of bio-industrial products in the PRC ("Distribution of bio-industrial products") | (b) 於中國分銷生物產業產品(「分銷生物產業產品」) |
| (c) trading of beauty equipment and products in Hong Kong ("Trading of beauty equipment and products") | (c) 於香港進行美容設備及產品貿易(「美容設備及產品貿易」) |
| (d) securities investment in Hong Kong and outside Hong Kong ("Securities investment") | (d) 於香港及香港境外進行證券投資(「證券投資」) |
| (e) research and development and commercialisation of products ("Research and development") | (e) 研發並商品化產品(「研發」) |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued) 3. 收益及分部資料(續)

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.

本集團呈報及營運分部是提供不同產品及服務的策略性業務單位。因各業務所需的技術及市場策略不同，該等分部受個別管理。

The following is an analysis of the Group's revenue and results by reportable and operating segments:

下表為按呈報及經營分部分類的本集團收益及業績分析：

| | Provision of genetic testing services 提供基因測試服務 | | Distribution of bio-industrial products 分銷生物產業產品 | | Trading of beauty equipment and products 美妝設備及產品貿易 | | Securities investment 證券投資 | | Research and development 研發 | | Total 總計 | |
|--|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Six months ended 30 September 截至九月三十日止六個月 | | | | | | | | | | | | |
| Revenue from external customers 來自外界客戶之收入 | - | - | - | - | 6,046 | 14,817 | - | - | - | - | 6,046 | 14,817 |
| Segment (loss) profit after tax 除稅後分部(虧損)溢利 | (9) | (699) | (1,119) | (1,296) | 471 | 417 | 44 | 138 | (296) | (402) | (997) | (1,842) |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued) 3. 收益及分部資料(續)

| | Six months ended 30 September 截至九月三十日止六個月 | |
|---|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Reconciliation of reportable segment profit (loss) after tax: 除稅後呈報分部溢利(虧損)對賬： | | |
| Total segment loss 分部虧損總額 | (997) | (1,842) |
| Corporate and other expenses 企業及其他開支 | (52,919) | (49,399) |
| Share of results of associates 分佔聯營公司業績 | 4,092 | 4,556 |
| Unallocated other income, gains and losses, net 未分配其他收入、收益及虧損淨額 | (24,271) | (41,583) |
| Consolidated loss for the period 期內綜合虧損 | (74,095) | (88,268) |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

4. OTHER GAINS AND LOSSES, 4. 其他收益及虧損淨額 NET

| | Six months ended 30 September 截至九月三十日止六個月 | |
|--|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Change in fair value of derivative components of investments in convertible bonds (Note 11) 可換股債券投資衍生部分之公平值變動(附註11) | (19,379) | 16,038 |
| Impairment loss on interest in an associate (Note 10) 於一間聯營公司權益之減值虧損(附註10) | (8,577) | – |
| Acquisition of investments in convertible bonds (Note 11) 收購可換股債券投資(附註11) | – | (62,161) |
| Gain on sale of available-for-sale financial assets 出售可供出售金融資產之收益 | (44) | 37 |
| | (28,000) | (46,086) |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

5. FINANCE COSTS

5. 財務費用

| | Six months ended 30 September 截至九月三十日止六個月 | |
|--|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Effective interest expense on convertible bonds (Note 15) 可換股債券實際利息開支(附註15) | 45,621 | 37,324 |
| Imputed interest expense on loan from a non-controlling interest of a subsidiary 來自一間附屬公司非控股權益貸款之 估算利息開支 | 663 | 508 |
| | 46,284 | 37,832 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

6. LOSS FOR THE PERIOD

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

6. 期內虧損

期內虧損乃扣除下列各項後達致：

| | Six months ended 30 September 截至九月三十日止六個月 | |
|--|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Depreciation of property, plant and equipment 物業、廠房及設備折舊 | 598 | 559 |
| Operating lease charges of land and buildings 土地及樓宇之經營租賃支出 | 1,149 | 1,155 |
| Cost of inventories recognised as an expense 確認為開支之存貨成本 | 5,565 | 14,390 |
| Staff costs including directors' emoluments 包括董事酬金在內之員工成本 | 2,930 | 3,983 |

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 (2015: Nil).

7. 股息

於本中期期間概無派付、宣派或擬派任何股息。董事決定，概不會就本中期期間支付任何股息（二零一五年：無）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

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:

8. 每股虧損

本公司擁有人應佔每股基本虧損按以下數據計算：

| | Six months ended 30 September 截至九月三十日止六個月 | |
|--|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Loss 虧損 | | |
| Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company) 就計算每股基本及攤薄虧損之虧損 (本公司擁有人應佔期內虧損) | (73,290) | (87,455) |

| | Six months ended 30 September 截至九月三十日止六個月 | |
|---|--|--|
| | 2016 二零一六年 Number of shares 股份數目 '000 以千計 | 2015 二零一五年 Number of shares 股份數目 '000 以千計 |
| Number of shares 股份數目 | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share 就計算每股基本及攤薄虧損之普通股 加權平均數 | 1,464,193 | 1,362,663 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

8. LOSS PER SHARE (Continued)

The computation of diluted loss per share for the six months ended 30 September 2016 and 2015 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. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, no property, plant and equipment was acquired by the Group (six months ended 30 September 2015: HK\$Nil).

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's leasehold land and buildings as at the end of the current interim period that is carried at revalued amounts does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

8. 每股虧損(續)

計算截至二零一六年及二零一五年九月三十日止六個月之每股攤薄虧損時，並無假設本公司之未轉換可換股債券被轉換，此乃由於假如該等可換股債券被轉換，會減少兩段期間之每股虧損。

9. 物業、廠房及設備變動

於本中期期間內，本集團並無購入物業、廠房及設備(截至二零一五年九月三十日止六個月：無)。

本公司董事認為，本集團租賃土地及樓宇於本中期期末按重估金額計算的總賬面值與其估計公平值並無重大差異。因此，於本中期期間並無確認重估盈餘或虧絀。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

10. INTERESTS IN ASSOCIATES

10. 於聯營公司的權益

| | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|--|---|---|
| Cost of investments in associates | | |
| 聯營公司投資成本 | | |
| Listed in Hong Kong | 476,841 | 476,841 |
| 於香港上市 | | |
| Unlisted | - | - |
| 未上市 | | |
| Share of post-acquisition profits and other comprehensive income | 93,585 | 89,493 |
| 應佔收購後溢利及其他全面收益 | | |
| Impairment loss on interests in associates (note a) | (347,086) | (338,509) |
| 於聯營公司權益之減值虧損(附註a) | | |
| Adjustment against non-controlling interests (note b) | (99,722) | (99,722) |
| 對非控股權益之調整(附註b) | | |
| | 123,618 | 128,103 |
| | | |
| Fair value of listed investments (note c) | 123,618 | 128,103 |
| 上市投資之公平值(附註c) | | |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

10. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) As at 30 September 2016, the Group recognised impairment loss of approximately HK\$8,577,000 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 interest in associate (including the interest in Smart Ascent held by Extrawell) before adjustment against non-controlling interests at the end of the reporting period.

(b) During the year ended 31 March 2015, 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.

10. 於聯營公司的權益 (續)

附註：

(a) 於二零一六年九月三十日，本集團於損益內確認減值損失約8,577,000港元，指根據精優股價釐定之精優股份公平值與於聯營公司之權益(包括由精優持有的進生之權益)在於報告期間未對非控股權益進行調整前之賬面值兩者間之差異。

(b) 截至二零一五年三月三十一日止年度，本集團自精優藥業控股有限公司(「精優」)的全資附屬公司Extrawell (BVI) Limited(「Extrawell (BVI)」)收購進生有限公司(「進生」)51%股權。進生成為本公司之非全資附屬公司，而隨後進生及其附屬公司(「進生集團」)已於二零一四年七月二十八日起綜合計入本集團，由精優所持有進生餘下49%權益應佔，且於本集團收購進生前計入精優權益賬面值之進生集團權益金額已由非控股權益(及於聯營公司的權益)中重新分類，按本公司應佔精優股權(即本公司於精優之擁有權益應佔之進生集團股權)為限，以本公司擁有人應佔權益處理。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

10. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(c) 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 2016 and 31 March 2016 does not include that equity interest due to the adjustment against non-controlling interests (see note b above) and therefore is not directly comparable.

As at 30 September 2016, the Group had interests in the following associates:

| Name of entity 實體名稱 | Place of incorporation/ registration 註冊成立/ 註冊地點 | Principal place of operation 主要營業 地點 | Class of shares held 所持股份 類別 | Proportion nominal of value of issued capital held by the Group 本集團所持已發行股本面值比例 | | Proportion of voting power held 所持表決權比例 | | Principal activity 主要業務 |
|--|--|--|------------------------------------|---|----------------------------------|--|----------------------------------|--|
| | | | | 30.9.2016 二零一六年 九月 三十日 | 31.3.2016 二零一六年 三月 三十一日 | 30.9.2016 二零一六年 九月 三十日 | 31.3.2016 二零一六年 三月 三十一日 | |
| Extrawell 精優 | Bermuda 百慕達 | PRC 中國 | Ordinary shares 普通股 | 19.14% | 19.14% | 19.14% | 19.14% | Development, manufacture and sale of pharmaceutical products 開發、製造及銷售醫藥產品 |
| Longmark (Shanghai) Healthcare Limited 龍脈(上海)健康管理服務有限公司 | PRC 中國 | PRC 中國 | Registered capital 註冊資本 | 49.78% | 49.78% | 33.33% | 33.33% | Provision of health care management services 提供健康管理服務 |

附註：(續)

(c) 上市投資之公平值是根據精優股份的市場買入報價計算，因此包括精優於進生集團權益應佔之價值，而於二零一六年九月三十日及二零一六年三月三十一日本集團於精優作為聯營公司之權益之賬面值並未包括應付對非控股權益之調整之股本權益(見上文附註b)，因此不可直接進行比較。

於二零一六年九月三十日，本集團於以下聯營公司擁有權益：

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

11. INVESTMENTS IN CONVERTIBLE BONDS 11. 可換股債券投資

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.

於二零一三年四月二十七日，本公司訂立有條件買賣協議，以(i)自本公司最終控股股東毛裕文博士(「毛博士」)收購精優所發行本金總額為320,650,000港元的可換股債券(「待售可換股債券一」)，總代價為320,000,000港元(「代價一」)；及(ii)自毛博士收購精優所發行本金總額最高為256,200,000港元的可換股債券(「待售可換股債券二」)，總代價最高為256,000,000港元(「代價二」)。代價一已由本公司通過現金代價120,000,000港元及發行本金額為200,000,000港元之可換股債券支付。代價二已由本公司通過分四批發行本金額為256,000,000港元之可換股債券支付。

待售可換股債券一及待售可換股債券二(統稱「待售可換股債券」)為零息可換股債券，到期日為發行日期起計滿二十週年當日，以港元計值。待售可換股債券賦予債券持有人權利，自發行日期起直至待售可換股債券到期日前第七個營業日內，隨時將可換股債券兌換為精優股份，轉換價為每股股份0.6413港元，惟須受反攤薄條款限制。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

11. INVESTMENTS IN CONVERTIBLE BONDS (Continued) 11. 可換股債券投資(續)

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 2016 and 30 September 2016 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:

收購第一批、第二批、第三批及第四批各批本金額為64,130,000港元之待售可換股債券，已分別於二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日完成。於初步確認時，第一批、第二批、第三批及第四批待售可換股債券之負債部分之公平值分別為2,572,000港元、2,628,000港元、2,533,000港元及2,801,000港元，乃按類似非可換股債券的現行市場利率釐定，並隨後按攤銷成本列賬。於各自收購日期二零一六年三月三十一日及二零一六年九月三十日，嵌入式換股權之公平值乃採用二項式模式計算，並計及轉換可換股債券之攤薄影響。輸入該模式之參數如下：

| | 24 April 2014 二零一四年 四月二十四日 | 30 August 2014 二零一四年 八月三十日 | 31 December 2014 二零一四年 十二月三十一日 | 30 April 2015 二零一五年 四月三十日 | 31 March 2016 二零一六年 三月三十一日 | 30 September 2016 二零一六年 九月三十日 |
|--|-------------------------------------|-------------------------------------|---|------------------------------------|-------------------------------------|--|
| Stock price 股價 | HK\$0.4 港元 | HK\$0.335 港元 | HK\$0.325 港元 | HK\$0.55 港元 | HK\$0.28 港元 | HK\$0.27 港元 |
| Exercise price 行使價 | HK\$0.6413 港元 | HK\$0.6413 港元 | HK\$0.6413 港元 | HK\$0.6413 港元 | HK\$0.6413 港元 | HK\$0.6413 港元 |
| Discount rate 貼現率 | 18.21% | 18.44% | 19.04% | 18.76% | 19.92% | 19.011% |
| Risk-free rate (note a) 無風險利率(附註a) | 2.70% | 2.28% | 2.24% | 1.81% | 1.62% | 1.065% |
| Expected volatility (note b) 預期波幅(附註b) | 63.71% | 62.61% | 61.73% | 58.62% | 59.44% | 57.943% |
| Expected dividend yield (note c) 預期股息收益率(附註c) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.000% |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

11. INVESTMENTS IN CONVERTIBLE BONDS (Continued)

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.

The Group recognised subsequent decrease in fair value changes on the derivative components of investments in convertible bonds of HK\$19,379,000 as at 30 September 2016.

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.

As at 30 September 2016, the carrying amounts of the debt and the derivative components of the investments in convertible bonds are HK\$31,059,000 (31 March 2016: HK\$32,528,000) and HK\$211,941,000 (31 March 2016: HK\$227,027,000), respectively.

附註：

- (a) 該利率乃參考於估值日期香港政府債券及庫券的孳息率釐定。
- (b) 基於債券期間精優的過往股價波幅。
- (c) 就精優的過往股息派付估計。

本集團其後確認可換股債券投資之衍生部分公平值變動於二零一六年九月三十日減少19,379,000港元。

截至二零一五年九月三十日止期間，本集團(i)於損益確認收購可換股債券投資之虧損約62,161,000港元，其因第四批待售可換股債券二之代價二之公平值117,161,000港元與待售可換股債券二於二零一五年四月三十日之公平值總額55,000,000港元之差額產生；及(ii)確認於可換股債券投資之衍生部分之公平值變動其後於二零一五年九月三十日增加16,038,000港元。

於二零一六年九月三十日，債務及可換股債券投資衍生部分之賬面值分別為31,059,000港元（二零一六年三月三十一日：32,528,000港元）及211,941,000港元（二零一六年三月三十一日：227,027,000港元）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

12. 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

12. 無形資產

無形資產指涉及口服胰島素產品(「該產品」)正在進行的研發項目(「研發過程」)。一項有關該產品之「一種製備口服胰島素油相製劑的方法」之專利以福仕生物工程有限(「福仕」)及北京清華大學(「清華大學」)共同名義登記，並由中國國家知識產權局及美國國家專利及商標局分別於二零零四年八月四日及二零零六年三月二十八日授出，並將分別於二零二一年四月二十日及二零二二年四月十二日到期。福仕是進生之附屬公司，並於本公司在二零一四年七月二十八日完成收購後成為本公司之附屬公司。此外，福仕及清華大學於一九九八年簽訂多項有關研發該產品之協議(「合作研發協議」)。根據該將於二零一八年到期之合作研發協議，福仕有權商品化該產品之有關技術及獨家生產及銷售該產品，而清華大學有權於該產品商品化完成後享有福仕1.5%之年銷售額。據此，福仕在合作研發協議中未屆滿年期內擁有商品化該產品之專有權。研發過程之可收回金額乃按公平值計算法釐定。公平值計算法使用管理層基於若干主要假設編製之現金流量預測。由管理層批准之

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

12. INTANGIBLE ASSETS (Continued)

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 23.10% 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.

12. 無形資產(續)

研發過程應佔之預期未來經濟利益涵蓋10年期，並採用23.10%之貼現率。管理層相信，該等用於現金流量預測之假設之任何合理可能變化將不會導致研發過程之賬面值超出可收回金額。其他有關估計現金流入之公平值計算法之主要假設，包括銷售預算及毛利率，是基於管理層對市場發展之預期作出。

此外，本公司之中國法律顧問已表示，假若合作研發協議提早終止或屆滿，福仕將不再擁有商品化該產品之專有權。福仕或清華大學任何一方將可獨立就該已申請專利之產品進行商品化，而毋須對方同意。然而，鑒於清華大學是一教育機構而並無參予該產品之商品化，董事已就假設福仕將於二零一八年後繼續擁有商品化該產品之專有權，編製十年期之現金流量預測。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

12. INTANGIBLE ASSETS (Continued)

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.

13. 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:

12. 無形資產(續)

根據可收回金額估計，本公司董事認為，毋須就研發過程確認減值。

13. 貿易應收賬款

本集團授予客戶之信貸期一般為30至180日。

根據發票日期(與有關收入於報告期末之確認日期相若)呈列之貿易應收賬款賬齡分析如下：

| | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|---------------------------|---|---|
| 30 days or less 30日或以下 | 2,736 | - |
| 31 to 60 days 31至60日 | 1,210 | - |
| 61 to 180 days 61至180日 | - | - |
| | 3,946 | - |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

14. TRADE PAYABLES

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

14. 貿易應付賬款

貿易應付賬款按發票日期呈列之賬齡分析如下：

| | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|---------------------------|---|---|
| 30 days or less 30日或以下 | 2,518 | — |
| 31 to 60 days 31至60日 | 1,747 | — |
| 61 to 180 days 61至180日 | — | 8 |
| Over 180 days 180日以上 | 8 | — |
| | 4,273 | 8 |

15. CONVERTIBLE BONDS

As disclosed in Note 11, 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.

15. 可換股債券

誠如附註11所披露，本公司已於二零一三年十月二十五日及二零一三年十二月二十七日發行本金總額分別為436,800,000港元及51,200,000港元的可換股債券（統稱「可換股債券一」），以收購待售可換股債券一及450,000,000股精優普通股。可換股債券一之票面息率為零，於發行日期起計十週年當日到期。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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 2013 and 27 October 2013 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 Bonds I issued by the Company at 25 October 2013 and 27 October 2013 respectively, and are calculated using Binomial Model.

On 16 June 2015, Convertible Bonds I with aggregate principal amounts of and HK\$40,000,000 were converted into ordinary shares of the Company. During the period ended 30 September 2016, none of the Convertible Bond I was converted into ordinary shares of the Company.

15. 可換股債券(續)

可換股債券一賦予債券持有人權利，於發行可換股債券日期後十年內隨時將可換股債券一轉換為本公司股份，轉換價為每股股份0.4港元，須受反攤薄條款限制。

倘可換股債券一未獲轉換，則將於發行日期起計十週年當日按面值予以贖回。

可換股債券一以港元發行。本公司於二零一三年十月二十五日及二零一三年十月二十七日發行可換股債券一之負債部分公平值分別為42,886,000港元及4,981,000港元，乃透過貼現現金流量法，利用類似非可換股債券的現行市場利率釐定，並計及本公司之信貸風險。本公司於二零一三年十月二十五日及二零一三年十月二十七日發行之可換股債券一分類為權益部分之換股權公平值分別為671,267,000港元及82,161,000港元，乃採用二項式模式計算。

於二零一五年六月十六日，本金總額為40,000,000港元之可換股債券一已轉換為本公司普通股。截至二零一六年九月三十日止期間，概無可換股債券一獲轉換為本公司普通股。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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

15. 可換股債券(續)

於兩段期間內，可換股債券一負債部分之變動載列如下：

| | Principal amount 本金額 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|---|--|---|
| As at 1 April 2015 (audited) 於二零一五年四月一日(經審核) | 415,600 | 56,547 |
| Interest charge (Note 5) 利息開支(附註5) | – | 6,518 |
| Conversion to ordinary shares 轉換為普通股 | (40,000) | (5,702) |
| 30 September 2015 (unaudited) 二零一五年九月三十日(未經審核) | 375,600 | 57,363 |
| As at 1 April 2016 (audited) 於二零一六年四月一日(經審核) | 351,600 | 60,305 |
| Interest charge (Note 5) 利息開支(附註5) | – | 7,440 |
| 30 September 2016 (unaudited) 二零一六年九月三十日(未經審核) | 351,600 | 67,745 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

As disclosed in Note 11, 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.

15. 可換股債券(續)

誠如附註11所披露，本公司已於二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日發行本金總額分別為64,000,000港元、64,000,000港元、64,000,000港元及64,000,000港元的可換股債券(統稱「可換股債券二」)，以分別收購第一批、第二批、第三批及第四批待售可換股債券二。可換股債券二之票面息率為零，於發行日期起計十週年當日到期。

可換股債券二賦予債券持有人權利，於發行可換股債券二日期後十年內隨時將可換股債券二轉換為本公司股份，轉換價為每股股份0.4港元，須受反攤薄條款限制。

倘可換股債券二未獲轉換，則將於發行日期起計十週年當日按面值予以贖回。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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:

15. 可換股債券(續)

可換股債券二以港元發行。本公司於二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日發行之可換股債券二負債部分之公平值分別為6,622,000港元、6,916,000港元、7,577,000港元及7,790,000港元，乃透過貼現現金流量法，利用類似非可換股債券的現行市場利率釐定，並計及本公司之信貸風險。本公司於二零一四年四月二十四日、二零一四年八月三十日、二零一四年十二月三十一日及二零一五年四月三十日發行之可換股債券二分類為權益部分之換股權公平值分別為131,454,000港元、118,983,000港元、112,597,000港元及109,371,000港元，乃採用二項式模式計算。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued) 15. 可換股債券(續)

| | Principal amount of HK\$64,000,000 本金額64,000,000港元 | | | |
|--|---|-------------------------------------|---|------------------------------------|
| | 24 April 2014 二零一四年 四月二十四日 | 30 August 2014 二零一四年 八月三十日 | 31 December 2014 二零一四年 十二月三十一日 | 30 April 2015 二零一五年 四月三十日 |
| Stock price 股價 | HK\$1.42港元 | HK\$1.19港元 | HK\$1.16港元 | HK\$1.16港元 |
| Exercise price 行使價 | HK\$0.40港元 | HK\$0.40港元 | HK\$0.40港元 | HK\$0.40港元 |
| Discount rate 貼現率 | 25.46% | 24.92% | 23.78% | 23.44% |
| Risk-free rate (note a) 無風險利率(附註a) | 2.20% | 1.84% | 1.85% | 1.48% |
| Expected volatility (note b) 預期波幅(附註b) | 84.57% | 82.53% | 80.79% | 79.49% |
| Expected dividend yield (note c) 預期股息收益率(附註c) | 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.

附註：

- (a) 該利率乃參考於估值日期香港政府債券及庫券的孳息率釐定。
- (b) 基於債券期間本公司的過往股價波幅。
- (c) 就本公司的過往股息派付估計。

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

於兩段中期期間，概無可換股債券二獲轉換為本公司普通股。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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

15. 可換股債券(續)

於兩段期間，可換股債券二之負債部分之變動載列如下：

| | Principal amount 本金額 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|---|--|---|
| As at 1 April 2015 (audited) 於二零一五年四月一日(經審核) | 192,000 | 24,061 |
| Issuance of Convertible Bonds II 發行可換股債券二 | 64,000 | 7,790 |
| Interest charge (Note 5) 利息開支(附註5) | – | 3,517 |
| 30 September 2015 (unaudited) 二零一五年九月三十日(未經審核) | 256,000 | 35,368 |
| As at 1 April 2016 (audited) 於二零一六年四月一日(經審核) | 256,000 | 39,456 |
| Interest charge (Note 5) 利息開支(附註5) | – | 4,565 |
| 30 September 2016 (unaudited) 二零一六年九月三十日(未經審核) | 256,000 | 44,021 |

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.

本公司已於二零一四年七月二十八日發行本金總額為715,000,000港元的可換股債券(統稱「可換股債券三」)，以收購進生有限公司51%股權。可換股債券三之票面年息率為3.5%，於發行日期起計七週年當日到期。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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:

15. 可換股債券(續)

可換股債券三賦予債券持有人權利，於發行可換股債券三日期後七年內隨時將可換股債券三轉換為本公司股份，轉換價為每股股份2.5港元，須受反攤薄條款限制。

倘可換股債券三未獲轉換，則將於發行日期起計七週年當日按面值予以贖回。

可換股債券三以港元發行。本公司於二零一四年七月二十八日發行之可換股債券三負債部分之公平值為233,547,000港元，乃透過貼現現金流量法，利用類似非可換股債券的現行市場利率釐定，並計及本公司之信貸風險。本公司於二零一四年七月二十八日發行之可換股債券三分類為權益部分之換股權公平值為136,646,000港元，乃採用二項式模式計算。輸入該模式之參數如下：

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued) 15. 可換股債券(續)

28 July 2014
principal amount of
HK\$715,000,000
二零一四年七月二十八日
本金額715,000,000港元

| | |
|----------------------------------|----------|
| Stock price | HK\$1.27 |
| 股價 | 港元 |
| Exercise price | HK\$2.5 |
| 行使價 | 港元 |
| Discount rate | 24.67% |
| 貼現率 | |
| Risk-free rate (note a) | 1.63% |
| 無風險利率(附註a) | |
| Expected volatility (note b) | 80.04% |
| 預期波幅(附註b) | |
| Expected dividend yield (note c) | 0.00% |
| 預期股息收益率(附註c) | |

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.

附註：

- (a) 該利率乃參考於估值日期香港政府債券及庫券的孳息率釐定。
- (b) 基於債券期間本公司的過往股價波幅。
- (c) 根據本公司的過往股息派付估計得出。

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

於兩段中期期間，概無可換股債券三獲轉換為本公司普通股。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

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

15. 可換股債券(續)

於兩段期間，可換股債券三負債部分之變動列載如下：

| | Principal amount 本金額 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|---|--|---|
| As at 1 April 2015 (audited) 於二零一五年四月一日(經審核) | 715,000 | 270,792 |
| Interest paid 已付利息 | – | (25,025) |
| Interest charge (Note 5) 利息開支(附註5) | – | 27,289 |
| 30 September 2015 (unaudited) 二零一五年九月三十日(未經審核) | 715,000 | 273,056 |
| As at 1 April 2016 (audited) 於二零一六年四月一日(經審核) | 715,000 | 303,385 |
| Interest paid 已付利息 | – | (25,025) |
| Interest charge (Note 5) 利息開支(附註5) | – | 32,613 |
| 30 September 2016 (unaudited) 二零一六年九月三十日(未經審核) | 715,000 | 310,973 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

On 24 March 2016, 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 IV") in the aggregate principal amount of HK\$50,000,000 (the "Subscription"). The maturity of the Convertible Bonds IV will be the date falling on the third anniversary from the date of issue of the Convertible Bonds IV. The Convertible Bonds IV 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.

15. 可換股債券(續)

於二零一六年三月二十四日，本公司與富創有限公司(「認購人」)訂立認購協議，據此本公司有條件同意發行，而認購人有條件同意認購，本金總額為50,000,000港元的可換股債券(「可換股債券四」)(「認購事項」)。可換股債券四的到期日將於發行可換股債券四日期起計滿三週年當日。可換股債券四將按每股轉換股份1.00港元(可予調整)的兌換價轉換為轉換股份(即本公司每股面值0.01港元的普通股)。認購人已在二零一六年四月十三日完成認購可換股債券。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

On 6 July 2016, the Company and the Sole Bondholder entered into a supplemental deed (the "Supplemental Deed"), pursuant to which the Company and the Sole Bondholder agreed to amend a term of the Convertible Bonds IV such that the Company may, at any time prior to the maturity of the Convertible Bonds IV and by giving the holder(s) of the Convertible Bonds IV not less than seven (7) working days' notice, redeem the outstanding Convertible Bonds IV, in whole or in part, at a price to be agreed between the holder(s) of the Convertible Bonds IV (the "Redemption Price") and Company or any of its subsidiaries from time to time (the "Proposed Amendment"). Save and except for the aforesaid, all other terms of the Convertible Bonds IV remained unchanged.

By a notice of redemption given on 6 July 2016, the Company has elected to redeem the remaining outstanding Convertible Bonds IV in the aggregate principal amount of HK\$50,000,000 prior to their maturity date of 12 April 2019 at the Redemption Price of HK\$51,003,472 (the "Early Redemption"). In this regard, the Sole Bondholder has agreed to waive the seven (7) working days' notice period required under the terms of the Convertible Bonds IV (as amended and supplemented by the Supplemental Deed), and the Early Redemption was fixed and carried out on 6 July 2016 and the Convertible Bonds IV redeemed were cancelled by the Company.

15. 可換股債券(續)

於二零一六年七月六日，本公司與唯一債券持有人訂立補充契據(「補充契據」)，據此，本公司與唯一債券持有人同意修訂可換股債券四之條款，致使本公司可於可換股債券四到期前隨時透過向可換股債券四持有人發出不少於七(7)個工作天之通知，按可換股債券四持有人與本公司或其任何不時之附屬公司協定之價格(「贖回價」)贖回全部或部分尚未行使之可換股債券四(「建議修訂」)。除上述者外，可換股債券四之所有其他條款維持不變。

透過於二零一六年七月六日發出之贖回通知，本公司於到期日(即二零一九年四月十二日)前已選擇贖回餘下本金總額為50,000,000港元之尚未行使之可換股債券四，贖回價為51,003,472港元(「提早贖回」)。就此而言，唯一債券持有人已同意豁免可換股債券四的條款(經補充契據修訂及補充)下規定的七(7)個工作天之通知期，而提早贖回已確定並於二零一六年七月六日進行，贖回的可換股債券四已由本公司註銷。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

15. CONVERTIBLE BONDS (Continued)

The Redemption Price was agreed between the Company and the Sole Bondholder pursuant to the terms of the Convertible Bonds IV (as amended and supplemented by the Supplemental Deed) and is equivalent to 100% of the principal amount of the Convertible Bonds IV together with the unpaid interest accrued to 6 July 2016, being the date fixed for the Early Redemption.

None of Convertible Bonds IV was converted into ordinary shares of the Company before fully early redemption.

The movement of the Convertible Bonds IV is set out below:

15. 可換股債券(續)

贖回價乃經本公司與唯一債券持有人根據可換股債券四的條款(經補充契據修訂及補充)協定，相當於可換股債券四100%的本金額連同於二零一六年七月六日(即確定提早贖回當日)的未支付應計利息。

概無可換股債券四於完全提早贖回前轉換為本公司普通股。

可換股債券四之變動載列如下：

| | Principal amount 本金額 HK\$'000 千港元 |
|--|--|
| Issuance of Convertible Bonds 發行可換股債券 | 50,000 |
| Interest charge (Note 5) 利息開支(附註5) | 1,003 |
| Early redemption with interest paid 已付利息之提早贖回 | (51,003) |
| | — |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

16. SHARE CAPITAL

16. 股本

| | Number of shares 股份數目 '000 千股 | Share capital 股本 HK\$'000 千港元 |
|---|--|--|
| Ordinary shares of HK\$0.01 each 每股面值0.01港元的普通股 Authorised: 法定： As at 1 April 2015, 30 September 2015, 1 April 2016 and 30 September 2016 於二零一五年四月一日、 二零一五年九月三十日、 二零一六年四月一日及 二零一六年九月三十日 | 50,000,000 | 500,000 |
| Issued and fully paid: 已發行及繳足： As at 1 April 2015 (audited) 於二零一五年四月一日(經審核) Conversion of Convertible Bonds I (note a) 轉換可換股債券一(附註a) | 1,304,193 100,000 | 13,042 1,000 |
| As at 30 September 2015 (unaudited) 於二零一五年九月三十日(未經審核) | 1,404,193 | 14,042 |
| As at 1 April 2016 (audited) 於二零一六年四月一日(經審核) Movement (note b) 變動(附註b) | 1,464,193 — | 14,642 — |
| As at 30 September 2016 (unaudited) 於二零一六年九月三十日(未經審核) | 1,464,193 | 14,642 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

16. SHARE CAPITAL (Continued)

Notes:

- (a) On 16 June 2015, 100,000,000 new ordinary shares of the Company of HK\$0.01 each were issued upon the conversion of Convertible Bonds I. Convertible Bonds I with aggregate principal amount of HK\$40,000,000 were converted into 100,000,000 ordinary shares of the Company at a conversion price of HK\$0.4 per share.
- (b) There is no movement of the issued ordinary shares during the period ended 30 September 2016.

16. 股本(續)

附註：

- (a) 於二零一五年六月十六日，本公司100,000,000股每股面值0.01港元之新普通股已於可換股債券一獲轉換時發行。可換股債券一之本金總額為40,000,000港元，已轉換為100,000,000股本公司普通股，轉換價為每股0.4港元。
- (b) 於截至二零一六年九月三十日止期間，已發行之普通股並無變動。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

17. 金融工具之公平值計量

根據經常性基準按公平值計量之本集團金融資產之公平值

本集團部分金融資產於各報告期末按公平值計量。下表所載資料說明如何釐定該等金融資產及金融負債之公平值(尤其是所用估值方法及輸入數據)，以及以公平值計量輸入數據之可觀察程度為基礎對公平值計量方式劃分之公平值架構級別(第一至第三級)。

- 第一級公平值計量根據相同資產或負債於活躍市場所報價格(未經調整)得出；
- 第二級公平值計量指除第一級計入之報價外，根據資產或負債可直接(即價格)或間接(即自價格衍生)觀察輸入資料得出；及
- 第三級公平值計量指根據計入並非根據可觀察市場資料(無法觀察輸入資料)之資產或負債輸入資料之估值方法得出。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

(Continued)

17. 金融工具之公平值計量(續)

根據經常性基準按公平值計量之本集團金融資產之公平值(續)

| Financial assets | Fair value as at 30 September 2016 於二零一六年九月三十日之公平值 | Fair value hierarchy 公平值架構級別 | Valuation technique and key inputs 估值方法及主要輸入數據 | Significant unobservable inputs 重大不可觀察輸入數據 | Relationship of unobservable inputs to fair value 不可觀察輸入數據與公平值之關係 |
|---|--|---------------------------------|--|--|---|
| Available-for-sale financial assets | Listed bonds and equity investments – HK\$6,288,000 (31 March 2016: 6,921,000) | Level 1 | Quoted bid prices in an active market. | N/A | N/A |
| 可供出售金融資產 | 上市債券及股權投資 – 6,288,000港元 (二零一六年三月三十一日: 6,921,000港元) | 第一級 | 於活躍市場所報買入價。 | 不適用 | 不適用 |
| Conversion options embedded in Sale CB-I and Sale CB-II classified as financial asset at fair value through profit or loss in the condensed consolidated statement of financial position. | Assets – HK\$211,941,000 (31 March 2016: HK\$227,027,000) | Level 3 | Binomial model The fair value is estimated based on risk free rate and share price (from observable market data), volatility of the share price of Extrawell and dividend yield and exercise price. | Expected volatility of the share price of Extrawell, determined by reference to the historical share price of Extrawell. | The higher the volatility of the share price of Extrawell, the higher the fair value. |
| 嵌入於簡明綜合財務狀況表內分類為按公平值計損益金融資產之待售可換股債券一及待售可換股債券二之換股權。 | 資產 – 211,941,000港元 (二零一六年三月三十一日: 227,027,000港元) | 第三級 | 二項式模式 公平值乃基於無風險利率及股價(來自可觀察市場數據)、精優股價波幅、股息收益率及行使價估計。 | 經參考精優過往股價釐定之精優股價預期波幅。 | 精優股價波幅越大，公平值越高。 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

(Continued)

There is no transfer between different levels of the fair value hierarchy for the periods ended 30 September 2016 and 2015.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. 金融工具之公平值計量(續)

根據經常性基準按公平值計量之本集團金融資產之公平值(續)

於截至二零一六年及二零一五年九月三十日止期間，不同公平值架構等級之間概無任何轉移。

本公司董事認為，於簡明綜合財務報表內以攤銷成本列賬之金融資產及金融負債之賬面值與其公平值相若。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Reconciliation of Level 3 fair value measurements of the derivative component of the investments in convertible bonds

17. 金融工具之公平值計量(續)

可換股債券投資衍生部分之第三級公平值計量之對賬表

| | Derivative component of the investments in convertible bonds 可換股債券投資之衍生部分 HK\$'000 千港元 |
|---|---|
| As at 1 April 2015 (audited) 於二零一五年四月一日(經審核) | 233,337 |
| Fair value recognised upon acquisition 收購後已確認之公平值 | 52,199 |
| Change in fair value gain in profit or loss 公平值變動於損益中之收益 | 16,038 |
| As at 30 September 2015 (unaudited) 於二零一五年九月三十日(未經審核) | 301,574 |
| As at 1 April 2016 (audited) 於二零一六年四月一日(經審核) | 227,027 |
| Others 其他 | 4,293 |
| Change in fair value gain in profit or loss 公平值變動於損益中之收益 | (19,379) |
| As at 30 September 2016 (unaudited) 於二零一六年九月三十日(未經審核) | 211,941 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Reconciliation of Level 3 fair value measurements of the derivative component of the investments in convertible bonds

(Continued)

All the total loss recognised in profit or loss relates to the conversion options embedded in Sale CB-I and Sale CB-II and derivative financial instruments held at the end of the current reporting period which is included in "Other gains and losses".

Fair value measurements and valuation processes

The management of the Company is ultimately responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements that the Company uses as its basis of valuations.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the findings to the board of directors of the Company every half year to explain the cause of fluctuations in the fair value of the financial instruments.

Information about the valuation techniques and inputs used in determining the fair value of the financial instruments are disclosed above.

17. 金融工具之公平值計量(續)

可換股債券投資衍生部分之第三級公平值計量之對賬表(續)

所有於損益中確認的虧損總額與嵌入待售可換股債券一及待售可換股債券二以及於本報告期末持有之衍生金融工具之換股權有關，並計入「其他收益及虧損」。

公平值計量及估值程序

本公司管理層負責最終釐定用作本公司估值基準之公平值計量之適當估值方法及輸入數據。

在估計資產或負債之公平值時，本集團盡可能使用可觀察市場數據。在並無第一級輸入數據之情況下，本集團委聘第三方合資格估值師進行估值。本公司與合資格外聘估值師緊密合作，確立適用之估值方法及模式輸入數據，且每半年將調查結果向本公司董事會匯報，以解釋金融工具公平值波動之原因。

有關釐定金融工具公平值所用之估值方法及輸入數據之資料於上文披露。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

18. COMMITMENTS

(a) Lease commitments

At 30 September 2016, the total future minimum lease payments of the Group under non-cancellable operating leases were payable as follows:

18. 承擔

(a) 租賃承擔

於二零一六年九月三十日，本集團根據不可撤銷經營租賃而須支付之未來最低租賃款項總額如下：

| | At 30 September 2016 於 二零一六年 九月三十日 HK\$'000 千港元 (unaudited) (未經審核) | At 31 March 2016 於 二零一六年 三月三十一日 HK\$'000 千港元 (audited) (經審核) |
|--|---|---|
| Future aggregate minimum lease payments under operating leases in respect of land and buildings 根據土地及樓宇之經營租賃 支付之未來最低租賃款項總額 | | |
| – within one year – 一年內 | 69 | 1,057 |
| – in the second to fifth years inclusive – 第二至第五年(包括首尾兩年) | – | – |
| | 69 | 1,057 |

Operating lease payments represent rentals payable by the Group for certain of its offices, laboratory and staff quarters. Leases are negotiated for an initial term of 6 years and rentals are fixed over the lease terms and do not include contingent rentals.

經營租賃付款指本集團就其若干辦公室、實驗室及員工宿舍須支付之租金。商定之租賃初步年期為六年及租賃期內之租金固定不變，及並不包括或然租金。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

18. COMMITMENTS (Continued)

(b) Other commitments

- (i) The Group had other commitments of RMB4,500,000 (equivalent to approximately HK\$5,231,000) at 30 September 2016 (31 March 2016: RMB4,500,000 (equivalent to approximately HK\$5,409,000)) in relation to the obligations and responsibility for the prize and administration cost of the Tan Jia Zhen Life Sciences Prize undertaking by the Shanghai Biopharmaceutical Industry Association (“SBIA”), the administrator of the Tan Jia Zhen Life Sciences Prize, pursuant to the Tan Jia Zhen Life Sciences Prize Sponsorship agreement (“Sponsorship agreement”).

18. 承擔(續)

(b) 其他承擔

- (i) 於二零一六年九月三十日，本集團的其他承擔為人民幣4,500,000元（相當於約5,231,000港元）（二零一六年三月三十一日：人民幣4,500,000元（相當於約5,409,000港元）），該款項涉及上海市生物醫藥行業協會（「SBIA」）（為談家楨生命科學獎之承辦單位）根據談家楨生命科學獎設獎單位協議（「設獎單位協議」），就談家楨生命科學獎之獎項及行政成本承擔之義務及責任。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

18. COMMITMENTS (Continued)

(b) Other commitments (Continued)

(i) (Continued)

On 8 November 2016, the Company, SBIA and among others entered into the Termination Agreement, pursuant to which the parties mutually agreed to terminate the Sponsorship Agreement with retrospective effect from 1 January 2015 and all the right and obligations of both parties under the Sponsorship Agreement were terminated with effect from the effective date.

As part of termination of the Sponsorship Agreement, the Company agreed to establish the Life Science Fund together with SBIA and among others and make an one-off capital contribution of RMB1,000,000 to the Life Science Fund and RMB500,000 for the set-up and operation of the Life Science Fund.

18. 承擔(續)

(b) 其他承擔(續)

(i) (續)

於二零一六年十一月八日，本公司、SBIA及其他訂約方訂立終止協議，據此，訂約方互相同意終止設獎單位協議，自二零一五年一月一日起具追溯效力，而雙方於設獎單位協議項下的所有權利及責任亦自生效日期起終止。

作為終止設獎單位協議的一部分，本公司同意與SBIA及其他訂約方成立生命科學基金，並向生命科學基金作出人民幣1,000,000元的一次性注資，及人民幣500,000元用作設立及營運生命科學基金。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

18. COMMITMENTS (Continued)

(b) Other commitments (Continued)

- (ii) Pursuant to clinical trial of the oral insulin project, Fosse Bio has entered into service contracts with 瀋陽鑫泰格爾醫藥科技開發有限公司 (the "Project Administrator") dated 16 December 2009 and 24 March 2014 with value in total of RMB12,080,000 and RMB10,400,000 respectively for provision of clinical trial management services and the related clinical studies.

18. 承擔(續)

(b) 其他承擔(續)

- (ii) 福仕與瀋陽鑫泰格爾醫藥科技開發有限公司(「項目管理人」)就口服胰島素項目之臨床測試訂立日期為二零零九年十二月十六日及二零一四年三月二十四日之服務合約，總值分別為人民幣12,080,000元及人民幣10,400,000元，以提供臨床測試管理服務及相關臨床研究。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

19. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

19. 關連人士交易

本集團於期內與關連人士進行之交易如下：

| | Six months ended 30 September 截至九月三十日止六個月 | |
|--|---|---|
| | 2016 二零一六年 HK\$'000 千港元 (unaudited) (未經審核) | 2015 二零一五年 HK\$'000 千港元 (unaudited) (未經審核) |
| Service fee expense paid and payable to Dr. Mao, a shareholder of the Company 已付及應付本公司股東毛博士之服務費開支 | 336 | 336 |
| Compensation of key management personnel: 主要管理人員之報酬： | | |
| Short-term employment benefits 短期僱員福利 | 1,016 | 1,084 |
| Post-employment benefits 離職後福利 | 25 | 43 |

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

20. CONTINGENT LIABILITIES AND LITIGATION 20. 或然負債及訴訟

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,

於中國有關中荷(平湖)生物技術有限公司(「中荷(平湖)」)之訴訟

於二零一二年四月十七日，江蘇瑞峰建設集團有限公司(「江蘇瑞峰」)(作為原告)於中國向本公司之間接非全資附屬公司中荷(平湖)(作為被告)發出傳票令狀，內容有關由中荷(平湖)與江蘇瑞峰訂立日期為二零一零年十月八日之建造承包服務協議、日期為二零一零年十二月十七日之建造協議及日期為二零一一年三月八日之補充協議(統稱「建造協議」)項下之代價及完成建造服務所引起之爭議，江蘇瑞峰向中荷(平湖)索償人民幣13,150,000元之未支付建造成本、相關利息及案件之訴訟成本。根據建造協議，建造總成本為人民幣16,675,000元。江蘇瑞峰就其進行之建造工程發出發票，金額為人民幣29,126,000元。發票總額與合約金額出現重大差異。中荷(平湖)僅支付人民幣16,601,000元，並於二零一二年六月三十日記錄作建築成本。於二零一二年四月二十四日，江蘇瑞峰已取得針對中荷(平湖)之民事裁定，

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

20. CONTINGENT LIABILITIES AND LITIGATION (Continued)

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

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 Zhejiang Province Pinghu City People's Court (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

20. 或然負債及訴訟(續)

於中國有關中荷(平湖)生物技術有限公司(「中荷(平湖)」)之訴訟(續)

據此，中荷(平湖)之銀行存款人民幣15,000,000元或等同金額之資產將被凍結，惟被凍結之實際金額於二零一二年六月三十日為222,000港元，其大幅低於民事裁定所列之金額。該凍結餘額已於截至二零一三年六月三十日止年度解除。於二零一三年一月十四日，一間獨立建築顧問公司獲平湖區法院委任，發出一份聲明，證明建築總成本為人民幣15,093,000元(相當於約19,142,000港元)與人民幣18,766,000元(相當於約23,801,000港元)之間。根據日期為二零一三年七月二十九日之相關法律意見，平湖區法院採納建築成本人民幣18,766,000元的可能性較高。於二零一三年十二月二十日，浙江省平湖市人民法院發出進一步民事裁定，據此，中荷(平湖)須於民事裁定生效後向江蘇瑞峰支付(其中包括)就所提供的建造服務之費用人民幣3,309,000元(相當於約4,197,000港元)。中荷(平湖)向浙江省嘉興市中級人民法院申請上訴。於二零一四年四月

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

20. CONTINGENT LIABILITIES AND LITIGATION (Continued)

Litigation concerning CNL (Pinghu) Biotech Co. Ltd. (“CNL (Pinghu)”) in the PRC (Continued)

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. There is no further payment was made by the Company for the year ended 31 March 2016 and for the Financial Period.

Litigation concerning Longmark (Shanghai) in the PRC

The Company’s associate, 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 premises located in 上海市長寧區臨虹路128弄2號地下一層 (“the Premises”) on 9 August 2011.

20. 或然負債及訴訟(續)

於中國有關中荷(平湖)生物技術有限公司(「中荷(平湖)」)之訴訟(續)

二十五日，浙江省嘉興市中級人民法院維持浙江省平湖市人民法院之原來判決，而本公司須向江蘇瑞峰支付約人民幣4,223,000元(相當於約5,333,000港元)。本集團已於二零一四年九月三十日就此計提撥備總額。於截至二零一五年三月三十一日止年度，本公司已接獲付款通知及據此結清費用人民幣2,897,000元(相當於約3,660,000港元)。於截至二零一六年三月三十一日止年度及於本財政期間，本公司並無作出進一步付款。

於中國有關龍脈(上海)之訴訟

本公司的聯營公司龍脈(上海)於二零一一年八月九日與上海向膳樂緣餐飲有限公司(「租戶」)就使用位於上海市長寧區臨虹路128弄2號地下一層的物業(「物業」)訂立租賃協議。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 September 2016

截至二零一六年九月三十日止六個月

20. CONTINGENT LIABILITIES AND LITIGATION (Continued)

Litigation concerning Longmark (Shanghai) in the PRC (Continued)

On 2 November 2015, the tenant filed a writ of summons in PRC 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 Premises.

The directors believe that the above legal claim will not have a material adverse effect on 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.

20. 或然負債及訴訟(續)

於中國有關龍脈(上海)之訴訟(續)

於二零一五年十一月二日，租戶於中國向龍脈(上海)發出傳票令狀，索償人民幣213,610元(相當於256,778港元)，作為物業中斷電力供應產生的虧損的賠償。

董事認為，上述法律索償不會對本集團的經營業績、現金流量或財務狀況產生重大影響。由於此法律案件的結果尚不能確定，此索償或會產生的潛在虧損(如有)未於綜合財務報表內反映。

截至本綜合財務報表日期，該法律案件尚未宣判。



INNOVATIVE PHARMACEUTICAL
BIOTECH LIMITED
領航醫藥及生物科技有限公司