

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 399)

**TERM SHEET IN RELATION TO SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE
AND
RESUMPTION OF TRADING**

**TERM SHEET IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER
SPECIFIC MANDATE**

On 29 November 2015, the Company and the Subscriber entered into the Term Sheet, pursuant to which the parties have agreed on the indicative terms for the Subscription of 600,000,000 new Shares by the Subscriber at the Subscription Price of HK\$1.00 per Share. The Subscription pursuant to the Term Sheet is subject to the entering into of the Subscription Agreement. Further announcement will be made by the Company when the Subscription Agreement is being entered into.

The Subscription Shares represent approximately 40.98% of the issued share capital of the Company as at the date of this announcement and approximately 29.07% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the SGM.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the conditions under the Term Sheet and the entering into of the Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 30 November 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 December 2015.

TERM SHEET IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 29 November 2015, the Company and the Subscriber entered into the Term Sheet, pursuant to which the parties have agreed on the indicative terms for the Subscription of 600,000,000 new Shares by the Subscriber at the Subscription Price of HK\$1.00 per Share. The Subscription pursuant to the Term Sheet is subject to the entering into of the Subscription Agreement. Further announcement will be made by the Company when the Subscription Agreement is being entered into.

Set out below is a summary of the indicative principal terms of the Term Sheet:

Date: 29 November 2015

Parties:

- (a) the Company
- (b) the Subscriber

To the best knowledge of the Directors, the Subscriber and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Subscription Shares

600,000,000 new Shares, representing approximately 40.98% of the issued share capital of the Company as at the date of this announcement, and approximately 29.07% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$1.00 per Share was arrived after arm's length negotiations between the Subscriber and the Company and after having considered the recent market price of the Shares.

The Subscription Price represents:

- (i) a discount of approximately 23.08% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on 27 November 2015, being the Last Trading Date;
- (ii) a discount of approximately 14.82% to the average closing price of HK\$1.174 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 17.63% to the average closing price of HK\$1.214 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

Given that the Subscription Price was set with reference to the recent market price of the Shares, the Directors consider that the Subscription Price is fair and reasonable under the current market conditions. The Directors are also of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

The Subscription Shares have a nominal value of HK\$6,000,000 and a market value of HK\$780,000,000, based on the closing price of HK\$1.30 per Share on the Last Trading Date. After deducting costs and expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$0.99.

Conditions of the Subscription

Completion of the Subscription is conditional upon the following being satisfied:

- (i) the listing of and permission to deal in the Subscription Shares being granted by the listing committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate representing the Subscription Shares); and
- (ii) the passing of all necessary resolutions by the Shareholders who are not required to abstain from voting on the relevant resolutions under the Listing Rules and other applicable laws and regulations to approve the Subscription and the transactions contemplated thereunder and to grant the Specific Mandate to the Board for the purpose of the allotment and issuance of the Subscription Shares.

Application for listing

Upon the Subscription Agreement being entered into, an application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Specific Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company between the date of the Term Sheet and completion of the Subscription, the effect on the shareholding structure of the Company will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding after completion of the Subscription	
	Shares	Approximate % of shareholding	Shares	Approximate % of shareholding
Dr. Mao Yumin (<i>Note 1</i>)	54,700,000	3.74	54,700,000	2.64
United Gene Holdings Limited (<i>Note 1</i>)	84,500,000	5.77	84,500,000	4.09
Best Champion Holdings Limited (<i>Note 1</i>)	61,650,000	4.21	61,650,000	2.99
China United Gene Investment Holdings Limited (<i>Note 1</i>)	176,201,350	12.03	176,201,350	8.54
Chau Yiu Ting	307,600,000	21.01	307,600,000	14.90
Sub-total	684,651,350	46.76	684,651,350	33.16
Director				
Mr. Tang Rong (<i>Note 2</i>)	396,200	0.03	396,200	0.02
The Subscriber	0	0	600,000,000	29.07
Other public Shareholders	779,145,474	53.21	779,145,474	37.75
Total (<i>Note 3</i>)	1,464,193,024	100	2,064,193,024	100

Notes:

- China United Gene Investment Holdings Limited is owned as to 60% by Best Champion Holdings Limited, which is in turn owned as to 33.50%, 33.50% and 33.00% by United Gene Holdings Limited, Ease Gold Investment Limited and Good Links Limited, respectively. United Gene Holdings Limited is wholly owned by Dr. Mao Yumin (“Dr. Mao”). Ease Gold Investment Limited is wholly owned by Dr. Xie Yi (“Dr. Xie”). Good Links Limited is wholly owned by Victory Trend Limited, which is in turn owned as to 50% by Dr. Mao and as to 50% by Dr. Xie. JNJ Investments Limited is wholly owned by Biowindow Gene Development (Hong Kong) Limited which is in turn wholly owned by United Gene Group Limited. United Gene Group Limited is wholly owned by United Gene Holdings Limited, which is wholly owned by Dr. Mao.*

2. *Mr. Tang Rong is an executive Director.*
3. *Save for the above, as at the date of this announcement, the Company also has outstanding convertible bonds of HK\$1,322,600,000 in outstanding principal amount which can be converted into 1,805,000,000 Shares.*

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any capital raising activities in the 12 months immediately preceding the date of this announcement.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the People's Republic of China with limited liability. It is principally engaged in tourism and trip planning.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The principal activities of the Group comprise provision of genetic testing services, distribution of bio-industrial products, provision of health care management services, trading of beauty products and securities investment. The Company has recently expanded and diversified its business in pharmaceutical industry by acquisition of certain equity interest in Extrawell Pharmaceutical Holdings Limited (stock code: 858) and controlling interest in Smart Ascent Limited which engaged in the research and development of the oral insulin enteric-coated soft capsules.

The Board is of the view that the Subscription represents an opportunity for the Group to raise additional funds for its business operation and strengthens the financial position of the Group. In addition, the Subscription allows the Company to invite a new strategic shareholder who may introduce new business development opportunities to the Group in future. Having considered that the Company is constantly exploring business opportunities to diversify risk and broaden the sources of income of the Group, the Board is of the view that the Subscription would improve the cash reserve for the ongoing development of the Group. In addition, the Directors consider that the Subscription could broaden the shareholder and capital base of the Company and is an appropriate means to raise funds for the Group and is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be HK\$600,000,000 and the net proceeds from the Subscription (after deduction of related costs and expenses) are expected to be approximately HK\$596,500,000. The Company intends to apply approximately 85% of the net proceeds from the Subscription for investment in IT projects and tourism projects, with the remaining net proceeds for general working capital of the Group.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the conditions under the Term Sheet and the entering into of the Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 30 November 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 December 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Innovative Pharmaceutical Biotech Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	27 November 2015, being the last trading day for the Shares prior to the trading halt in the Shares pending the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting to be convened by the Company to consider and, if thought fit, approve the Subscription and the transactions contemplated thereunder and grant the Specific Mandate to the Board to allot and issue the Subscription Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issuance of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	明游天下國際旅遊投資(北京)股份有限公司 (Ming Travel International Tourism Investment (Beijing) Holdings Limited*), a company incorporated in the People’s Republic of China with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions under the Term Sheet and the Subscription Agreement to be entered into between the Company and the Subscriber

“Subscription Agreement”	the subscription agreement to be entered into between the Company and the Subscriber in relation to the Subscription, the terms of which shall reflect the terms under the Term Sheet
“Subscription Price”	HK\$1.00 per Share
“Subscription Shares”	600,000,000 new Shares
“Term Sheet”	the legally-binding term sheet dated 29 November 2015 entered into between the Company and the Subscriber in relation to the Subscription
“%”	per cent.

By Order of the Board
Innovative Pharmaceutical Biotech Limited
Lee Nga Yan
Executive Director

Hong Kong, 2 December 2015

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

* *For identification purpose only*