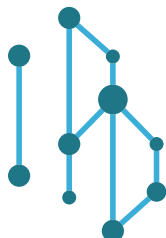


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INNOVATIVE PHARMACEUTICAL BIOTECH LIMITED
領航醫藥及生物科技有限公司

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

(Stock Code: 399)

**(1) TERMINATION OF THE SPONSORSHIP AGREEMENT
AND
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE
ESTABLISHMENT OF THE LIFE SCIENCE FUND**

TERMINATION OF THE SPONSORSHIP AGREEMENT

Reference is made to the announcement of the Company dated 22 May 2012 in relation to Sponsorship Agreement. On 8 November 2016, the Company, the Assignor and SBIA 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 rights and obligations of both parties under the Sponsorship Agreement were terminated with effect from the effective date.

ESTABLISHMENT OF THE LIFE SCIENCE FUND

As part of the termination of the Sponsorship Agreement, on 8 November 2016, the Company agreed to establish the Life Science Fund together with SBIA, the Assignor and Shanghai Fosun 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.

LISTING RULES IMPLICATIONS

Discloseable Transaction

Since one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Contribution exceeds 5% but are less than 25%, the Contribution constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transaction

As at the date of this announcement, the Assignor is held as to 33.5% by Dr. Mao Yu Min and Dr. Xie Yi respectively, each a substantial shareholder of the Company, the Assignor is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Contribution are less than 25% and the total consideration is less than HK\$10 million, by virtue of Rule 14A.76(2)(b) of the Listing Rules, the Contribution is subject to the reporting and announcement requirements only and is exempt from the circular, independent financial advice and shareholders' approval requirements.

TERMINATION OF THE SPONSORSHIP AGREEMENT

Reference is made to the announcement of the Company dated 22 May 2012 in relation to Sponsorship Agreement, pursuant to which the Assignor agreed to assign, and the Company agreed to take up the obligations of providing a sponsorship fee of RMB9 million under the Sponsorship Agreement.

Termination Agreement

On 8 November 2016, the Company, the Assignor and SBIA 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 rights and obligations of both parties under the Sponsorship Agreement were terminated with effect from the effective date. As at the date of the Termination Agreement, the Company had provided an aggregate sum of RMB4.5 million pursuant to the Sponsorship Agreement.

The Directors further confirmed that none of the parties is required to pay to the other party any penalty and/or compensation in respect of the early termination under the Sponsorship Agreement.

Reasons for entering into the Termination Agreement

The entering into of the Termination Agreement which terminated the Sponsorship Agreement would allow the Group to retain additional cash flow to support its businesses and to enhance business expansion as a whole. Instead of gaining public awareness and exposure to media in the industry through its participation in the Prize under the Sponsorship Agreement, the Group will continue to support the industry through its proposed Contribution in the Life Science Fund, further detailed in the paragraph headed “Establishment of the Life Science Fund” below.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Termination Agreement and the transactions contemplated thereunder have been arrived at after arm’s length negotiations, entered into in the ordinary and usual course of business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The termination will not cause any material adverse impact on the existing business, operation or financial condition of the Group.

As at the date of this announcement, no Director has a material interest in the transactions contemplated under the Termination Agreement and was required to abstain from voting on the Board resolutions approving the Termination Agreement and the transactions contemplated thereunder.

ESTABLISHMENT OF THE LIFE SCIENCE FUND

As part of the termination of the Sponsorship Agreement, on 8 November 2016, the Company agreed to establish the Life Science Fund together with SBIA, the Assignor and Shanghai Fosun and make an one-off capital contribution of RMB1,000,000 to the Life Science Fund and RMB500,000 for the cost of set up and operation of the Life Science Fund. The total capital commitment to the Life Science Fund will be contributed as follows:

	Committed capital contribution amount (RMB)	Percentage (%)
SBIA	200,000	10
Assignor	–	–
Shanghai Fosun	800,000	40
The Company	1,000,000	50

The capital commitment to be made by the Company to the Life Science Fund was determined upon arm's length negotiation among the parties with reference to the expected capital requirements of the Life Science Fund, and such capital contribution will be a one-off payment and will be funded by internal resources of the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SBIA and Shanghai Fosun and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. As at the date of this announcement, the Assignor is held as to 33.5%% by Dr. Mao Yu Min and Dr. Xie Yi respectively, each a substantial shareholder of the Company. Accordingly, the Assignor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Information of the Life Science Fund

The Life Science Fund will be established as a private fund and its principal objective will be to enhance the development and promote technological achievement of the life science industry in the PRC, including participation in educational and charitable events within the industry and award talents of their contribution towards the industry.

Management of the Life Science Fund

The Life Science Fund shall have seven supervisors, who shall have full control over the operation and affairs of the Life Science Fund. The Company will not appoint any of its representatives to be a supervisor or board member of the Life Science Fund.

Reasons for and benefits of the contribution in the Life Science Fund

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of genetic testing services, distribution of bio-industrial products and trading of beauty equipment and products. The Group's contribution in the Life Science Fund is one of the ways for the Group to continue to support the industry upon the termination of the Sponsorship Agreement.

Accordingly, the Directors (including all the independent non-executive Directors) consider that the Contribution is on normal commercial terms and is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

As at the date of this announcement, no Director has a material interest in the transactions contemplated under the Contribution and was required to abstain from voting on the Board resolutions approving the Contribution.

INFORMATION ON PARTIES TO THE CONTRIBUTION

The Assignor is a company incorporated in the PRC with limited liability, and principally engaged in technology development, technology transfer, technology services and consultation services related to bioengineering and genetic engineering (except development and application in human stem cells, genetic diagnosis and intervention technology), computer software development and manufacturing, sales of self-produced products (related to licensed operation).

SBIA was established in December 2002 and is a social group voluntarily united by local biopharmaceutical enterprises, related universities and scientific institutions. There are about 190 members covering the whole chain of biotechnology and pharmaceutical industry ranging from research and development, production to circulations. SBIA organizes training seminar and exhibitions, provides technology consultancy, information exchanges, investigation, intellectual property protection, recommendations for scientific achievements. SBIA also bridges the communication between the PRC government and the biopharmaceutical enterprises.

Shanghai Fosun is a company established in the PRC as a joint stock company with limited liability. Shanghai Fosun's A shares (Stock code: 600196) and H shares (Stock code: 02196) have been listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited respectively. Shanghai Fosun is principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and provision of related and other consulting services and investment management.

LISTING RULES IMPLICATIONS

Discloseable Transaction

Since one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Contribution exceeds 5% but are less than 25%, the Contribution constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transaction

As at the date of this announcement, the Assignor is held as to 33.5%% by Dr. Mao Yu Min and Dr. Xie Yi respectively, each a substantial shareholder of the Company, the Assignor is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Contribution are less than 25% and the total consideration is less than HK\$10 million, by virtue of Rule 14A.76(2)(b) of the Listing

Rules, the Contribution is subject to the reporting and announcement requirements only and is exempt from the circular, independent financial advice and shareholders' approval requirements.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Assignor”	聯合基因科技有限公司 (United Gene Holdings Limited*), a company incorporated in the PRC with limited liability, and held as to 33.5% by Dr. Mao Yu Min and Dr. Xie Yi respectively, each a substantial shareholder of the Company
“Board”	the board of the Directors
“Company”	Innovative Pharmaceutical Biotech Limited 領航醫藥及生物科技有限公司, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contribution”	the contribution to be made by the Company in the Life Science Fund, including an one-off capital contribution of RMB1,000,000 and the cost of set up and operation of the Life Science Fund in the amount of RMB500,000
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Life Science Fund”	上海白玉蘭談家楨生命科學發展基金會 (Shanghai Baiyulan Tanjiazhen Life Science Development Fund*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	The People’s Republic of China
“Prize”	談家楨生命科學獎 (Tan Jia Zhen Life Sciences Prize*), which was set up in 2008 in the PRC and was previously sponsored by the Assignor in order to glorify the success of Mr. Tan Jia Zhen in genetics and to encourage the development and research in life sciences in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SBIA”	上海市生物醫藥行業協會 (Shanghai Biopharmaceutical Industry Association*), the administrator of the Prize
“Shanghai Fosun”	上海復星醫藥(集團)股份有限公司 (Shanghai Fosun Pharmaceutical (Group) Limited)
“Sponsorship Agreement”	the sponsorship agreement dated 22 May 2012 entered into between the Company, the Assignor and SBIA in relation to the sponsorship of the Prize
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 8 November 2016 entered into between the Company, the Assignor and SBIA to terminate the Sponsorship Agreement
“%”	per cent

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

Hong Kong, 8 November 2016

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

* For identification purpose only