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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)

DISCLOSEABLE TRANSACTION
PROPOSED CAPITAL INJECTION INTO A JOINT VENTURE
AND
RESUMPTION OF TRADING

PROPOSED CAPITAL INJECTION

On 29 March 2016 (after trading hours), (i) Top Nice, an indirect wholly-owned subsidiary of the Company; (ii) China National Travel; (iii) Ming Travel; (iv) Shenzhen Runheng; (v) Mangocity (Development) and the Joint Venture entered into the Capital Injection Agreement, pursuant to which Top Nice, Ming Travel, Shenzhen Runheng, Mangocity (Development) shall inject capital in the amount of RMB224.75 million, RMB77.50 million, RMB162.75 million and RMB310.00 million respectively in cash into the Joint Venture. Upon completion of the Capital Injection, the Joint Venture will be owned as to 29%, 10%, 21% and 40% by Top Nice, Ming Travel, Shenzhen Runheng and Mangocity (Development) respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Top Nice Capital Injection exceeds 5% but all of them are below 25%, the Top Nice Capital Injection constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements.

RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company with effect from 9:00 a.m. on 30 March 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 8 April 2016 following the publication of this announcement.

Completion of the transactions contemplated under the Capital Injection Agreement is subject to the fulfillment of certain conditions precedent set out in the Capital Injection Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Top Nice is the contributor procured by Ming Travel. Reference is made to the voluntary announcement of the Company dated 4 March 2016, whereby it was announced that, among other, the Company has received an invitation from Ming Travel to participate in the subscription of new shares in Mangocity.com (Investment) Limited (“**Mangocity (Investment)**”). Mangocity (Investment) is an investment holding company which holds the entire interest in the Target Group (as defined below).

On 29 March 2016 (after trading hours), (i) Top Nice, an indirect wholly-owned subsidiary of the Company; (ii) China National Travel; (iii) Ming Travel; (iv) Shenzhen Runheng; (v) Mangocity (Development) and the Joint Venture entered into the Capital Injection Agreement, pursuant to which Top Nice, Ming Travel, Shenzhen Runheng, Mangocity (Development) shall inject capital in the amount of RMB224.75 million, RMB77.50 million, RMB162.75 million and RMB310.00 million respectively in cash into the Joint Venture.

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement is summarized as below:-

Date

29 March 2016 (as supplemented and amended by a supplemental agreement dated 7 April 2016)

Parties

- (i) Top Nice
- (ii) China National Travel
- (iii) Ming Travel
- (iv) Shenzhen Runheng
- (v) Mangocity (Development), a wholly-owned subsidiary of China National Travel
- (vi) the Joint Venture, a wholly-owned subsidiary of Mangocity (Development).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of China National Travel, Ming Travel, Shenzhen Runheng, Mangocity (Development), the Joint Venture and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Capital Injection

As at the date of this announcement and prior to the Capital Injection, the Joint Venture has been established with a registered capital RMB10.00 million which is fully paid up and is wholly owned by Mangocity (Development).

Pursuant to the Capital Injection Agreement, Top Nice, Ming Travel, Shenzhen Runheng, Mangocity (Development) shall inject capital in the amount of RMB224.75 million, RMB77.50 million, RMB162.75 million and RMB310.00 million respectively in cash into the Joint Venture.

Upon completion of the Capital Injection, the Joint Venture will be owned as to 29% by Top Nice, 10% by Ming Travel, 21% by Shenzhen Runheng and 40% by Mangocity (Development). The Joint Venture will be accounted for as an investment in associate in the consolidated financial statements of the Group.

The amount of the Capital Injection was determined after arm's length negotiation between parties to the Capital Injection Agreement with reference to the consideration for the Proposed Acquisition and funding needs for development of the online travel agency business of the Restructured Target Group. Payment of the Top Nice Capital Injection will be funded by internal resources and/or through possible equity and debt financing of the Group. As at the date of this announcement, the Group has deposited Top Nice's commitment to the Capital Injection into the designated bank account of the Escrow Agent as the Escrow Fund, details of which are disclosed in the section headed "Escrow Agreement" below.

Conditions precedent

The obligations of the parties to the Capital Injection Agreement to complete the Capital Injection is conditional upon satisfaction of the following conditions precedent:

- (i) Ming Travel having completed all internal approval procedure in accordance with its article of association and other internal documents and regulations, including but not limited to its shareholder's meeting, board resolution and other relevant documents; and
- (ii) 全國中小企業股份轉讓系統有限責任公司 (National Equities Exchange and Quotations Company Limited*) having examined and no objection to the Proposed Acquisition;

The obligation of Top Nice to complete the Top Nice Capital Injection is conditional upon satisfaction of the following conditions precedent:-

- (i) the obtaining of approval from the Shareholders of the transactions contemplated under the Capital Injection Agreement (including the Capital Injection and the Proposed Acquisition) at a duly convened special general meeting of the Company in accordance with the Listing Rules;
- (ii) the Stock Exchange has confirmed or indicated that the Capital Injection and the Proposed Acquisition will not be treated as a reverse takeover of the Company; and
- (iii) the issuance of an accountant's report on the Joint Venture as a result of the Proposed Acquisition by an accountant appointed by the Company for the period as required under the Listing Rules and the results of a legal and financial due diligence review on the Joint Venture and its subsidiaries as a result of the Proposed Acquisition being found satisfactory to the Company.

* *For identification purpose only*

All parties to the Capital Injection Agreement shall use their best endeavors to procure the fulfillment of the conditions. None of the above conditions are waivable. If the above conditions precedent are not fulfilled within 30 business days from the date of signing of the supplemental agreement to the Capital Injection Agreement (or such later date as may be agreed by the parties), Top Nice shall be treated as being discharged and released from the Capital Injection Agreement and all of its rights and obligations thereunder shall then be taken up by Ming Travel. Pursuant to the Escrow Agreement, the Escrow Fund deposited shall be returned to Top Nice within two business days after failing to satisfy the release conditions which are substantially the same as the conditions precedent set forth in (i) to (iii) above.

As at the date of this announcement, none of the above conditions have been fulfilled.

Timing of the Capital Injection

As at the date of this announcement, Ming Travel and Shenzhen Runheng paid part of the Ming Travel Capital Injection and the Shenzhen Runheng Capital Injection in the amount of RMB47.40 million and RMB82.95 million respectively for the purpose of fulfilling their respective capital injection obligations under the Capital Injection Agreement.

Upon signing of the Capital Injection Agreement, Mangocity (Development) will begin to pay the Mangocity (Development) Capital Injection.

Upon completion of the Mangocity (Development) Capital Injection in the total amount of RMB310.00 million into the Joint Venture and subject to the fulfillment of the conditions precedent under the Capital Injection Agreement, Top Nice will pay the Top Nice Capital Injection in the amount of RMB224.75 million. As at the date of this announcement, the Group has deposited Top Nice's commitment into the designated bank account of the Escrow Agent as the Escrow Fund, details of which are disclosed in the section headed "Escrow Agreement" below.

Within 45 business days from completion of the Mangocity (Development) Capital Injection, Shenzhen Runheng will pay the remaining Shenzhen Runheng Capital Injection in the amount of RMB79.80 million.

With 15 business days from completion of change in equity of the Joint Venture, Ming Travel will pay the remaining Ming Travel Capital Injection in the amount of RMB30.10 million.

Purpose of the Joint Venture

The main purpose of the Joint Venture is for the Proposed Acquisition, details of which are disclosed in the section headed "Information on the Proposed Acquisition" below.

Sharing of rights and obligations of the Joint Venture

All rights and obligations of the Joint Venture shall be shared by the relevant parties to the Capital Injection Agreement in proportion to their respective equity interests in the Joint Venture.

Board of directors of the Joint Venture

The board of directors of the Joint Venture will consist of 5 directors, of which 2 directors, 1 director, 1 director and 1 director will be nominated by Mangocity (Development), Top Nice, Shenzhen Runheng and Ming Travel respectively. The chairman of the board of directors of the Joint Venture will be nominated by Mangocity (Development).

Right of co-sale

In the event that any shareholder of the Joint Venture proposes to sell any shares of the Joint Venture to other third parties prior to the initial public offering of the Joint Venture, the non-selling shareholder(s) of the Joint Venture shall have a right of co-sale to participate in such sale on the same terms and conditions.

Pre-emptive rights

In the event that the Joint Venture proposes to issue any shares after completion of the Capital Injection, the shareholders of the Joint Venture shall be entitled to pre-emptive rights to subscribe for such number of shares at the same issue price and terms and conditions, in order to retain the shareholding percentage of the Joint Venture as at completion of the Capital Injection.

Anti-dilution

Following completion of the Capital Injection and prior to the initial public offering of the Joint Venture, in the event that the Joint Venture issue new shares or transfer existing shares to other third parties, the issue or transfer prices shall not be lower than the price of the Capital Injection or the audited net asset value per share of the Joint Venture at the relevant time (whichever is higher).

Right of first refusal

In the event that any shareholder of the Joint Venture proposes to sell any shares of the Joint Venture to other third parties, the non-selling shareholder(s) of the Joint Venture shall have a first right of refusal to purchase such shares on the same terms and conditions.

ESCROW AGREEMENT

On 30 March 2016, China National Travel, Top Nice and the Escrow Agent entered into the Escrow Agreement in relation to the payment arrangement of the Top Nice Capital Injection. According to the Escrow Agreement, Top Nice shall deposit the Top Nice Capital Injection in the amount of RMB224.75 million as the Escrow Fund into a designated bank account of the Escrow Agent. As at the date of this announcement, Top Nice has deposited a total amount of HK\$150 million into the said bank account.

The release of the Escrow Fund is conditional upon, among others, (i) the Mangocity (Development) Capital Injection having been fully injected; and (ii) the fulfillment of all the conditions precedent of the Capital Injection Agreement and any supplemental agreement thereto.

INFORMATION ON THE PARTIES TO THE CAPITAL INJECTION AGREEMENT

The Group

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.

Top Nice is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of the Company.

China National Travel and Mangocity (Development)

China National Travel is a company established in the PRC with limited liability and is principally engaged in the business of tourism, industrial investment, real estate development and logistic trade. It is also a stated-owned enterprise under the direction of the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC.

Mangocity (Development) is a company incorporated in the PRC with limited liability and is principally engaged in investment holding. It is a wholly-owned subsidiary of China National Travel.

Shenzhen Runheng

Shenzhen Runheng is a company established in the PRC with limited liability and is principally engaged in investment management and consultancy.

Ming Travel

Ming Travel is a company incorporated in the PRC with limited liability and is principally engaged in tourism and trip planning. Ming Travel is also listed on 全國中小企業股份轉讓系統 (National Equities Exchange and Quotations*).

INFORMATION ON THE PROPOSED ACQUISITION

According to the Capital Injection Agreement, the Joint Venture will acquire the equity interest in Mangocity (China), Mangocity (Hong Kong) and Mangocity (Beijing) (collectively, the “**Target Group**”), which will carve out, among others, the Mangocity Property and certain inter-group loans due to related parties, at a consideration of RMB310.00 million.

The Target Group is principally engaged in the business of online travel business, reservation and sales of air tickets, hotels accommodations and travel related products. It operates an online travel platform, namely managocity.com. The Target Group is targeted at the travellers in the PRC and Hong Kong.

The Proposed Acquisition is subject to the entering of an formal sale and purchase agreement. As at the date of this announcement, the said sale and purchase agreement in relation to the Proposed Acquisition has not yet been entered into.

Should the Proposed Acquisition be materialise, further announcement(s) in relation to the Proposed Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

REASONS AND BENEFITS FOR THE CAPITAL INJECTION

According to a press release dated 6 February 2016 published by China National Tourism Administration (the “**CNTA**”), the CNTA announced that the first world tourism conference (the “**Conference**”) will be held in Beijing, the PRC covering over 143 countries. According to the said press release, the Conference is expected to promote the following goals, including, among others, (i) to serve as a platform to introduce the PRC’s tourism industry achievements to the participants of the Conference and provide an opportunities for those participants to exchange their successful experiences in the tourism industry in order to improve the tourism industry in PRC; (ii) to deepen the discussion on the sustainable development of the tourism; and (iii) to facilitate the international tourism cooperation and promote a balance development of the global tourism. It indicates the PRC government’s support and intention on the development of tourism industry in the PRC.

According to an article “China Online Travel Maintains Rapid Growth Momentum” dated 14 March 2016 issued by iResearch Consulting Group, which is an organization providing online audience measurement in the PRC, the PRC’s online travel gross merchandise volume (“GMV”) was estimated to reach RMB425.3 billion in 2015, representing an increase of approximately 37.5% from that of in 2014. As indicated in the said article, it was also estimated that the PRC’s online travel GMV will reach approximately RMB532.9 billion, RMB643.5 billion and RMB759.3 billion for 2016, 2017 and 2018 respectively. It will represent a year of year (“YoY”) increase of approximately 25.30% for year 2016, 20.75% for year 2017 and 18.00% for year 2018.

Further, according to the 35th and 37th Statistical Report on Internet Development in PRC dated January 2015 and 2016 respectively issued by China Internet Network Information Center, established upon approval of the competent authority in the PRC, the number of internet users that had booked air tickets, hotel rooms, train tickets and travel related products had reached approximately 181 million, 222 million and 260 million by the end of December 2013, 2014 and 2015 respectively. It represented a YoY increase of approximately 22.65% for year 2014 and 17.12% for year 2015.

The double digital YoY increase in the PRC’s online travel GMV and internet users indicates that online travel agency industry remain in a rapid growing period. As such, the Board is optimistic about the future development of online travel agency industry in which the Restructured Target Group will operate.

The Directors are of the view that through the Capital Injection, the Group will be provided a prime opportunity to enter into the online travel agency industry which may enhance the profitability of the Group and increase the Shareholders’ value and benefit the Company and the Shareholders as a whole.

Taking into consideration of the above, the Directors consider that the terms of the Capital Injection are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“Capital Injection”	collectively, the Top Nice Capital Injection, the Ming Travel Capital Injection, the Mangocity (Development) Capital Injection and the Shenzhen Runheng Capital Injection
“Capital Injection Agreement”	the capital injection agreement dated 29 March 2016 (as supplemented and amended by an supplemental agreement dated 7 April 2016) entered into among Top Nice, China National Travel, Ming Travel, Shenzhen Runheng, Mangocity (Development) and the Joint Venture in relation to the Capital Injection
“China National Travel”	中國港中旅集團公司 (China National Travel Service (HK) Group Corporation*), a company established in the PRC with limited liability
“Company”	Innovative Pharmaceutical Biotech Limited, a company incorporated in the Cayman Islands 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
“Director(s)”	the director(s) of the Company

“Escrow Agent”	Li & Partners, being the escrow agent to the Escrow Agreement
“Escrow Agreement”	the escrow agreement dated 30 March 2016 entered into between China National Travel, Top Nice and the Escrow Agent in relation to the payment arrangement of the Top Nice Capital Injection
“Escrow Fund”	the fund in the Hong Kong dollar equivalent of RMB224.75 million deposited into the designated bank account of the Escrow Agent to be kept in escrow pursuant to the Escrow Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	芒果網港中旅控股(深圳)有限公司 (Mangocity.com China National Travel Holdings (Shenzhen) Limited*), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mangocity (Beijing)”	北京芒果網互聯網信息服務有限公司(Beijing Mangocity Information Services Limited*), a company established in the PRC with limited liability
“Mangocity (China)”	芒果網有限公司 (Mangocity.com Limited*), a company established in the PRC with limited liability
“Mangocity (Development)”	中旅芒果網發展(深圳)有限公司 (China National Travel Mangocity.com Development (Shenzhen) Limited*), a company established in the PRC with limited liability
“Mangocity (Development) Capital Injection”	the capital injection in the total amount of RMB310.00 million by Mangocity (Development) pursuant to the Capital Injection Agreement

* For identification purpose only

“Mangocity (Hong Kong)”	Mangocity.com Limited (芒果網有限公司), a company incorporated in Hong Kong with limited liability
“Mangocity Property”	the property located at Reclamation Region VI, Southern District of High-Tech Industrial Park, Shenzhen, the PRC and is held by Mangocity (China)
“Ming Travel”	明遊天下國際旅遊投資(北京)股份有限公司 (Ming International Travel Investment (Beijing) Corp.*), a company established in the PRC with limited liability
“Ming Travel Capital Injection”	the capital injection in the amount of RMB77.50 million by Ming Travel pursuant to the Capital Injection Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition	the proposed acquisition of the Restructured Target Group by the Joint Venture as contemplated under the Capital Injection Agreement
“Restructured Target Group”	Mangocity (China), Mangocity (Hong Kong) and Mangocity (Beijing), which will carve out, among others, the Mangocity Property and certain inter-group loans due to related parties
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Runheng”	深圳潤恒投資管理有限公司 (Shenzhen Runheng Investment Management Limited*), a company established in the PRC with limited liability
“Shenzhen Runheng Capital Injection”	the capital injection in the amount of RMB162.75 million by Shenzhen Runheng pursuant to the Capital Injection Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Nice”	Top Nice Holdings Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company
“Top Nice Capital Injection”	the capital injection in the amount of RMB224.75 million by Top Nice pursuant to the Capital Injection Agreement
“%”	per cent

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

Hong Kong, 7 April 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).