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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)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE TERMINATION OF THE SUBSCRIPTION AGREEMENTS WITH GUOXIN GLOBAL LIMITED AND SHANGHAI RONGDING EQUITY INVESTMENT MANAGEMENT COMPANY LIMITED*

Reference is made to the announcement of the Company dated 28 March 2016 (the “**Announcement**”) in relation to the issue of Convertible Bonds to the Subscribers under General Mandate pursuant to the respective Subscription Agreement. Unless otherwise stated, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

TERMINATION OF THE SUBSCRIPTION AGREEMENTS WITH GUOXIN GLOBAL LIMITED AND SHANGHAI RONGDING EQUITY INVESTMENT MANAGEMENT COMPANY LIMITED*

Pursuant to the Subscription Agreements, completion of the Subscriptions shall be the third Business Day from the date on which all conditions precedent are fulfilled or such other date as agreed in writing by the Company and the Subscribers. On 13 April 2016, the Company were informed by Subscriber A (Guoxin Global Limited) and Subscriber C (Shanghai Rongding Equity Investment Management Company Limited*) that they will not be able to perform their payment obligation under the respective Subscription Agreement. Accordingly, the Company has exercised its rights, and issued a notice to each of Subscriber A and Subscriber C, to terminate the Subscription Agreement with effect from 13 April 2016 with Subscriber A and Subscriber C, respectively pursuant to the terms of the respective Subscription Agreement. Upon termination, all antecedent obligations and liabilities of the Company, Subscriber A and Subscriber C under their respective Subscription Agreements will be absolutely discharged and released in all aspects and no parties shall have any claim of any nature whatsoever against the other parties under their respective Subscription Agreement.

The Board considers that the termination of the said Subscription Agreements with Subscriber A and Subscriber C will not have any material adverse effect on the existing business, operations and financial position of the Group.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Notwithstanding the termination of the respective Subscription Agreement with Subscriber A and Subscriber C, the completion of the Subscription Agreement entered into between the Company and Subscriber B has taken place on 13 April 2016. Set out below is the shareholding structure of the Company (i) as at the date of completion of the Subscription

Agreement with Subscriber B; and (ii) upon full conversion of the Convertible Bonds by Subscriber B, for illustrative purpose only:-

Shareholders	Shareholding as at the date of completion of the Subscription Agreement with Subscriber B		Shareholding immediately upon full conversion of the Convertible Bonds by Subscriber B	
	Shares	Approximate % of shareholding	Shares	Approximate % of shareholding
Dr. Mao Yumin (<i>Note 1</i>)	54,700,000	3.74%	54,700,000	3.61%
United Gene Holdings Limited (<i>Note 1</i>)	84,500,000	5.77%	84,500,000	5.58%
Best Champion Holdings Limited (<i>Note 1</i>)	61,650,000	4.21%	61,650,000	4.07%
China United Gene Investment Holdings Limited (<i>Note 1</i>)	176,201,350	12.03%	176,201,350	11.64%
Chau Yiu Ting	307,600,000	21.01%	307,600,000	20.31%
Fu Chuang Limited (i.e. Subscriber B)	0	0%	50,000,000	3.30%
Sub-total	684,651,350	46.76%	734,651,350	48.51%
Director				
Mr. Tang Rong (<i>Note 2</i>)	396,200	0.03%	396,200	0.03%
Public Shareholders	779,145,474	53.21%	779,145,474	51.46%
Total (<i>Note 3</i>)	1,464,193,024	100%	1,514,193,024	100%

Notes:

1. 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 Victory Trend 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**”). 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. 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 owned as to 33.3% and 33.3% by United Gene Holdings Limited and Ease Gold Investment Limited, respectively. United Gene Holdings Limited and Ease Gold Investment Limited are wholly owned by Dr. Mao and Dr. Xie respectively.
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.

GENERAL MANDATE

The Conversion Shares subscribed by Subscriber B will be allotted and issued under the General Mandate, pursuant to which the maximum number of Shares allowed to be allotted and issued under the General Mandate was 280,838,604 Shares. As at the date of this announcement, no Shares has been issued by the Company under the General Mandate, and upon full conversion of the Convertible Bonds by Subscriber B, 17.80% of the General Mandate will be utilised.

** The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

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

Hong Kong, 13 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).