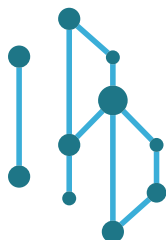


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INNOVATIVE PHARMACEUTICAL BIOTECH LIMITED

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)

AMENDMENTS TO HK\$50,000,000 8.5% CONVERTIBLE BONDS DUE 2019 EARLY REDEMPTION

INTRODUCTION

References are made to the announcements of Innovative Pharmaceutical Biotech Limited (the “**Company**”) dated 29 March 2016 and 14 April 2016 (the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein but not otherwise defined shall have the same meaning as those given to them in the Announcements.

AMENDMENT TO THE TERMS OF THE CONVERTIBLE BONDS

On 13 April 2016, the Company issued the Convertible Bonds in the aggregate principal amount of HK\$50,000,000 to Fu Chuang Limited (the “**Sole Bondholder**”).

The Board wishes to announce that 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.

As at the date of this announcement and prior to the Early Redemption (as defined below), none of the Convertible Bonds has been converted, redeemed, purchased or cancelled. By a resolution of the Shareholders passed at the annual general meeting held on 25 August 2015, the Shareholders granted a general mandate to the Directors to allot and issue up to 20% of the issued ordinary share capital of the Company, being 280,838,604 Shares (the “**General Mandate**”). Assuming full conversion of the Convertible Bonds by the Sole Bondholder, 17.80% of the General Mandate would be utilised. As at the date of this announcement, there has been no issue of Shares under the General Mandate.

EARLY REDEMPTION

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.

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. As at the date of this announcement, the closing price of the Shares as quoted on the Stock Exchange and the Conversion Price are HK\$0.53 and HK\$1.00 per Share, respectively.

The redemption of the remaining Convertible Bonds outstanding by the Company was funded by internal resources of the Company and its subsidiaries.

REASONS FOR THE PROPOSED AMENDMENT AND THE EARLY REDEMPTION

As set out in the Company's prior announcements dated 7 April 2016, 23 May 2016 and 6 June 2016, Top Nice Holding Limited ("**Top Nice**"), a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, entered into a capital injection agreement on 29 March 2016 (as supplemented and amended by an supplemental agreement dated 7 April 2016) (the "**Capital Injection Agreement**") with certain other parties in relation to, among others, a proposed capital injection by Top Nice in the amount of RMB224.75 million into 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. As the Capital Injection Agreement has lapsed on 6 June 2016, the aforesaid funding requirement is no longer necessary.

In view of the above, the Directors are of the view that the Proposed Amendment and the Early Redemption enable the Company to better manage its capital structure with more flexibility, potentially reduce the Company's future financial expenses and lower its financial gearing level, as well as avoid potential equity dilution.

As at the date of this announcement and to the best of the Directors' knowledge and belief having made all reasonable enquiries, the Sole Bondholder and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The terms of the Supplemental Deed, Proposed Amendment and the Early Redemption were arrived at after arm's length negotiation between the Company and the Sole Bondholder. The Directors consider that the terms of the Supplemental Deed, the Proposed Amendment and the Early Redemption (including the Redemption Price) are in the interest of the Company and the Shareholders as a whole.

Save as disclosed in this announcement, all existing terms and conditions of the Convertible Bonds as set out in the Announcement remain unchanged and shall continue to have full force and effect.

The Proposed Amendment has been approved by the Stock Exchange prior to the execution of the Supplemental Deed in accordance with Rule 28.05 of the Listing Rules.

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

Hong Kong, 6 July 2016

* *For identification purpose only*

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. Xiao Yan (non-executive Director), Ms. Wu Yanmin (non-executive Director), Ms. Chen Weijun (independent nonexecutive Director), Dr. Zhang Zhihong (independent non-executive Director) and Mr. Wang Rongliang (independent non-executive Director).