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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)

INSIDE INFORMATION TERMINATION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by Innovative Pharmaceutical Biotech Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 11 March 2017 (the “**Announcement**”) in relation to the entering into of the memorandum of understanding for a proposed acquisition of the controlling interest in HK.DNA Diagnostics Centre Limited, Hong Kong Modern Medical Service Limited and Modern Medical Specialties Limited. Unless otherwise specified, capitalized terms used herein have the same meanings as defined in the Announcement.

After further negotiation and discussion, the Company and the Vendor decided not to proceed with the Proposed Acquisition and entered into a deed of termination dated 14 September 2017 (the “**Deed of Termination**”) to terminate the Memorandum of Understanding subject to the terms thereof. Upon termination, the Memorandum of Understanding shall cease to have any legal effect upon the Company and the Vendor. The Vendor shall return the Earnest Money, which was paid by the Company under the Memorandum of Understanding, to the Company pursuant to the terms of the Deed of Termination.

As the Memorandum of Understanding was entered into on a subject-to-contract basis, the Board considered that the termination of the Memorandum of Understanding would not have any material adverse impact on the existing business operation of the Company. The Board will continue to explore other potential investment opportunities to strengthen the profitability of the Company.

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

Hong Kong, 14 September 2017

As at the date of this announcement, the Board comprises Ms. Jiang Nian (chairman & nonexecutive director), Mr. Gao Yuan Xing (executive director), Mr. Tang Rong (executive director), Ms. Huang He (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).