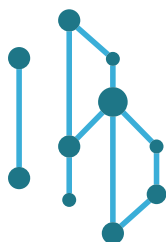


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CLARIFICATION ANNOUNCEMENT
IN RELATION TO ANNUAL REPORT FOR
THE YEAR ENDED 31 MARCH 2015

Reference is made to the annual report of Innovative Pharmaceutical Biotech Limited (the “**Company**”) for the year ended 31 March 2015 published on 24 July 2015 (the “**Annual Report**”). Unless otherwise defined, defined terms used herein this announcement shall have the same meaning as ascribed to it in the Annual Report.

As stated under the section headed “Report of the Directors – Connected Transactions” of the Annual Report, on 17 March 2014, the Company and Extrawell entered into a conditional sale and purchase agreement where the Company agreed to purchase 51% of the equity interest in Smart Ascent from Extrawell for a consideration of HK\$780 million (the “**Acquisition**”), which will be paid with cash of HK\$65 million and convertible bonds issued by the Company of HK\$715 million. As part of the agreement, the Group has agreed to cover the entirety of Smart Ascent’s expenditures related to the furthering of its oral insulin medicine up to the amount of HK\$600 million from 2015 to 2017 (the “**Coverage of SAL’s expenditures**”). The relevant shareholders’ resolutions approving the entering of such sale and purchase agreement (including the Coverage of SAL’s expenditures) were passed on 16 July 2014. Upon the completion of the Acquisition which took place on 28 July 2014, Smart Ascent is owned as to 51% by the Company and 49% by Extrawell and Extrawell thereby become a connected person of the Company, and accordingly the Coverage of SAL’s expenditures became a continuing connected transaction for the Company since 28 July 2014.

The Company would like to draw to the attention to its shareholders and potential shareholders that, due to an inadvertent oversight, the Company mistakenly believed that the Coverage of SAL's expenditures were exempted from the annual review requirements under Rule 14A.55 and Rule 14A.56 of the Listing Rules. As a result, the relevant disclosure regarding the auditors' annual review for the Coverage of SAL's expenditures for the year ended 31 March 2015 was not made in the Annual Report.

The independent non-executive directors of the Company confirmed that the Coverage of SAL's expenditures were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms and no less favourable to the Group than terms available from independent third parties; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further, immediately upon the Company became aware that the aforesaid inadvertent oversight, the Company has immediately liaised with its auditors to commence the annual review for the Coverage of SAL's expenditures for the year ended 31 March 2015 in compliance with Rule 14A.56 of the Listing Rules.

As at the date of this announcement, the Company and the auditors of the Company are still discussing about the details of the annual review for the Coverage of SAL's expenditures to be conducted. Further announcement will be made by the Company to provide shareholders and potential investors of the Company on any further update on this matter as and when appropriate.

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

Hong Kong, 15 June 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).