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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE CAPITAL INJECTION**

The Board is pleased to announce that on 19 January 2023 (after trading hours of the Stock Exchange), the Company and the Target Company entered into the MOU in relation to the Possible Capital Injection into the Target Company, such that after the Completion, the Company will hold an equity interest of not less than 20% and not exceeding 60% in the Target Company.

The Target Company, a company established in the PRC, is principally engaged in the provision of technical services related to genetic sequencing and data analysis for research institutions, enterprises, universities and clinic research organisations in the PRC.

The amount of capital contribution in the Target Company is subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Company by way of cash and/or other allotment and issue of new Shares or convertible bonds, or a combination of any of the above means or by any other kind of consideration.

**The Possible Capital Injection may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Capital Injection, if materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Should the Company enter into the Formal Agreement or decide to terminate the MOU or there be any material development on the Possible Capital Injection, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.**

## **THE MOU**

The Board is pleased to announce that on 19 January 2023 (after trading hours of the Stock Exchange), the Company and the Target Company entered into the MOU in relation to the Possible Capital Injection. Principal terms of the MOU are set out below.

**Date:** 19 January 2023

**Parties:** (i) the Company; and  
(ii) the Target Company

The Target Company is principally engaged in provision of technical services related to genetic sequencing and data analysis for research institutions, enterprises, universities and clinic research organisations in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are an Independent Third Party. As confirmed by the Target Company, as at the date of this announcement, the Target Company and its associates do not hold any Share or other securities in the Company.

### **The Possible Capital Injection**

The amount of capital contribution in the Target Company by the Company is subject to further negotiation between the parties to the MOU. Upon Completion, the Company will hold an equity interest of not less than 20% and not exceeding 60% in the Target Company.

### **Formal Agreement**

The Company and the Target Company shall proceed to the negotiation of the Formal Agreement on or before the date falling 3 months from the date of the MOU (or such later date to be agreed by the parties to the MOU).

If (i) the Formal Agreement is not entered into upon the expiry of the 3 months from the date of the MOU (or such later date as the Company and the Target Company may agree), or (ii) the Company and the Target Company mutually agree in writing to terminate the negotiations in respect the Possible Capital Injection, whichever is earlier, the MOU shall cease and determine and neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

If the Formal Agreement is entered into, the Possible Capital Injection may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or the Shareholders' approval requirements under the Listing Rules as and when appropriate.

### **Conditions precedent**

Pursuant to the MOU, the Completion shall be conditional upon the fulfilment of the following conditions precedent:

- (i) the Company being satisfied with the results of the due diligence review to be conducted on the Target Company after signing of the MOU;
- (ii) all necessary consents and approvals required to be obtained on the part of the Target Company in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (iv) there is no situations, facts or circumstances that would or might render the warranties or terms under the Formal Agreement being breached;
- (v) (if required) the passing by the Shareholders at a special general meeting of the Company to be convened and held of ordinary resolution(s) by poll to approve the Formal Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and the applicable laws and regulations;
- (vi) the warranties under the Formal Agreement to be given by the Target Company remain true, accurate and not misleading in all material respects;
- (vii) any other conditions agreed by the parties to be included in the Formal Agreement.

Upon signing of the MOU, the Company shall, and shall procure that its advisers and agents shall conduct such review of the assets, liabilities, operations and affairs of the Target Company, as it may consider appropriate and the Target Company shall provide and procure the Target Company and its respective agents to provide such assistance as the Company and its advisers and agents may require in connection with such review so as to enable the review to be completed as soon as possible.

## **Exclusivity period**

Unless the Company and the Target Company mutually agree in writing to terminate the negotiations in respect the Possible Capital Injection, the Target Company agreed that it will not and will procure that the Target Company and its respective directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of 3 months from the date of the MOU, save and except for certain transactions which have been disclosed by the Target Company to the Company in the MOU, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity (other than the Company) with respect to the sale or other disposition of the equity interest in or change the registered capital of the Target Company.

## **Legal effect**

The MOU is non-legally binding save for the provisions relating to, among other things, exclusivity, confidentiality, costs and governing law and jurisdiction of the MOU.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE CAPITAL INJECTION**

The Company is an investment holding company and the Group is principally engaged in the pharmaceuticals and biotechnology businesses.

The Board considers that the Possible Capital Injection would allow the Group to tap into the innovation of technical services related to genetic sequencing and data analysis in the PRC and broaden the Group's business spectrum and it is beneficial for the Group to seek suitable investment opportunities from time to time to expand its business in the innovation of genetic sequencing and data analysis technologies and enhance the long-term growth potential of the Group. In light of the promising market potential in the PRC, this new business segment, if materialised, is expected to generate a sustainable income growth for the Group. Hence, the Board is of the view that the entering into of the MOU is in the interest of the Group and the Shareholders as a whole.

**The Possible Capital Injection may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Capital Injection, if materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Should the Company enter into the Formal Agreement or decide to terminate the MOU or there be any material development on the Possible Capital Injection, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.**

## DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Innovative Pharmaceutical Biotech Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 399)
“Completion”	completion of the Possible Capital Contribution pursuant to the terms and conditions of the Formal Agreement
“connected person”	has the meanings as ascribed under the Listing Rules
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal agreement which may or may not be entered into in relation to the Possible Capital Injection
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 19 January 2023 and entered into between the Company and the Target Company setting out the preliminary understanding in relation to the Possible Capital Injection
“Possible Capital Injection”	the possible injection of capital to the registered capital of the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Allwegene Technology Co. Ltd. (北京奧維森基因科技有限公司), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 19 January 2023

*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 non-executive Director), Mr. Chen Jinzhong (independent non-executive Director) and Mr. Wang Rongliang (independent non-executive Director).*