

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.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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 NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 26 July 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 292,830,000 Shares at the Subscription Price of HK\$0.2 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Subscription Shares represent (i) approximately 20% of the existing entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.7% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Price represents (i) a discount of approximately 4.76% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 26 July 2023, being the date of the Subscription Agreement; and (ii) a premium to approximately 0.2% to the average closing price per Share of HK\$0.1996 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The gross proceeds and net proceeds from the Subscription will be approximately HK\$58,566,000 and HK\$58,000,000 respectively, and are intended to be used for general working capital of the Group.

Completion is subject to fulfillment of the conditions precedent under the Subscription Agreement as set out in this announcement. Accordingly, the Subscription may or may not proceed. Holders of securities of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

INTRODUCTION

On 26 July 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 292,830,000 Shares at the Subscription Price of HK\$0.2 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

Date:	26 July 2023
Parties:	(i) the Company, as the issuer; and (ii) Zenyth Capital Limited, as the Subscriber
Number of Subscription Shares:	292,830,000
Subscription Price:	HK\$0.2 per Subscription Share

The Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the date of this announcement, the Subscriber is owned by Genuine Marketing Group Inc., the shares of which are listed and traded on the over-the-counter market at the United States of America.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner is an Independent Third Party.

Subscription Shares

Pursuant to the terms of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 292,830,000 Subscription Shares at HK\$0.2 per Subscription Share, representing:

- (i) approximately 20% of the existing entire issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.7% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Upon Completion, the Subscriber will become a substantial shareholder (as defined in the Listing Rules) and hence a connected person (as defined in the Listing Rules) of the Company.

Subscription Price

The Subscription Price represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 26 July 2023, being the date of the Subscription Agreement; and
- (ii) a premium to approximately 0.2% to the average closing price per Share of HK\$0.1996 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscriber with reference to the current market conditions, prevailing market price and recent trading volume of the Shares.

The gross proceeds from the Subscription will be approximately HK\$58,566,000. The net proceeds from the Subscription, after deduction of the relevant expenses, will amount to approximately HK\$58,000,000, representing a net subscription price of approximately HK\$0.198 per Subscription Share.

Ranking of Subscription Shares

The Subscription Shares will, when fully paid, rank pari passu in all respects among themselves and with the Shares in issue on the Closing Date.

Conditions precedent

Completion of the Subscription Agreement is conditional upon:

- (i) listing of and permission to deal in all the Subscription Shares having been granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (ii) all representations and warranties of the Company and the Subscriber set out in the Subscription Agreement remain true, accurate and not misleading in all material aspects upon Closing Date.

If the foregoing conditions are not fulfilled by 4:00 p.m. on 22 August 2023, or such other time and date as the Subscriber and the Company may agree in writing, the Subscription Agreement shall terminate and neither the Company nor the Subscriber will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 12:00 noon on the Closing Date.

General Mandate

Pursuant to the General Mandate granted to the Directors at the AGM, the total number of new Shares that the Company is authorised to allot and issue is 292,838,604 Shares, representing approximately 20% of the entire issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares has been allotted and issued by the Company under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares will not be subject to further approval by the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the trading of beauty equipment and products and research, development and commercialisation of the oral insulin product.

Subject to completion of the Subscription, the gross proceeds and net proceeds (after deducting all the relevant costs and expenses) from the issue of the Subscription Shares will be approximately HK\$58,566,000 and approximately HK\$58,000,000, respectively. The Company intends to use such net proceeds for general working capital of the Group.

The Directors consider that the raising of funds by the issue of the Subscription Shares is justifiable taking into account the recent market conditions which represent an opportunity for the Group to strengthen its capital base and financial position. The Directors consider that the issue of the Subscription Shares is an appropriate means of raising additional capital since the Subscription Price is close to the market price as set out above, which was arrived at after arm's length negotiations between the Company and the Subscriber. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription Price, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below set out the shareholding structure of the Company as a result of the completion of the Subscription (assuming there being no other change in the share capital and shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon completion of the Subscription):

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding
<i>Director</i>				
Mr. Tang Rong	396,200	0.03	396,200	0.02
<i>Substantial shareholders</i>				
Dr. Mao Yumin	323,200,000	22.07	323,200,000	18.40
China United Gene Investment Holdings Limited (<i>Note 1</i>)	7,770,810	0.53	7,770,810	0.44
Mr. Chau Yiu Ting	328,600,000	22.44	328,600,000	18.70
Subscriber	—	—	292,830,000	16.67
Public Shareholders	804,226,014	54.93	804,226,014	45.77
Total	<u>1,464,193,024</u>	<u>100</u>	<u>1,757,023,024</u>	<u>100</u>

Notes:

- China United Gene Investment Holdings Limited is owned as to 60.0% by Best Champion Holdings Limited. Best Champion Holdings Limited is owned as to 33.5%, 33.5% and 33.0% by United Gene Holdings Limited, Ease Gold Investments Limited and Victory Trend Limited, respectively. United Gene Holdings Limited is wholly owned by Dr. Mao Yumin. Ease Gold Investments Limited is wholly owned by Dr. Xie Yi. Victory Trend Limited is wholly owned by Good Links Limited, which is in turn owned as to 50% by Dr. Mao Yumin and as to 50% by Dr. Xie Yi.
- Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

Completion is subject to fulfillment of the conditions precedent under the Subscription Agreement as set out in this announcement. Accordingly, the Subscription may or may not proceed. Holders of securities of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 August 2022 whereby the resolution of the Shareholders was passed granting the General Mandate to the Directors
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Closing Date”	the 5th Business Day immediately after the date on which all conditions to the Subscription Agreement are fulfilled, or such later time and/or date as the Company and the Subscriber may agree
“Company”	Innovative Pharmaceutical Biotech Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0399)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 292,838,604 Shares (representing 20% of the share capital of the Company in issue on the date of the AGM) by the Shareholders at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Zenyth Capital Limited, a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 26 July 2023 and entered into between the Company and the Subscriber in relation to the subscription of the Subscription Shares
“Subscription Price”	HK\$0.2 per Subscription Share
“Subscription Share(s)”	292,830,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 26 July 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), Mr. Cheng Tak Yiu (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).