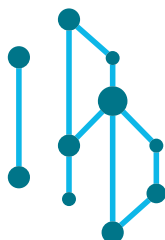


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*



## **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)**

### **CONNECTED TRANSACTION**

### **SUPPLEMENTAL DEED IN RELATION TO AMENDMENT TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

References are made to the announcement (the “**Announcement**”) of the Company dated 15 August 2023 in relation to the Amendment to the terms and conditions of the Convertible Bonds. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 22 December 2023 (after trading hours of the Stock Exchange), the Company and the Bondholders entered into the supplemental deed of amendment (the “**Supplemental Deed**”), pursuant to which the parties agreed to amend and supplement certain terms of the Deed of Amendment. Details of the principal terms of the Supplemental Deed are set out below:

- 1) the conversion price of the convertible bonds due October 2023 (the “**First Dr. Mao Bonds**”) in the principal amount of HK\$236,800,000 issued by the Company and held by Dr. Mao, the convertible bonds due December 2023 (the “**Second Dr. Mao Bonds**”) in the principal amount of HK\$11,200,000 issued by the Company and held by Dr. Mao and the convertible bonds due December 2023 (the “**United Gene Bonds**”, together with the First Dr. Mao Bonds, the Second Dr. Mao Bonds and the United Gene Bonds, the “**Relevant Bonds**”) in the principal amount of HK\$8,000,000 issued by the Company and held by United Gene shall be amended from HK\$0.40 to HK\$0.202.

- 2) the maturity date of the convertible bonds due December 2024 in the principal amount of HK\$39,600,000 issued by the Company and held by Dr. Mao, the convertible bonds due April 2025 in the principal amount of HK\$42,000,000 issued by the Company and held by Dr. Mao and the convertible bonds due April 2025 in the principal amount of HK\$22,000,000 and held by JNJ, shall no longer be extended.

## **TERMS OF THE RELEVANT BONDS**

Subject to the fulfillment of the conditions precedent to the Amendment (as amended by the Supplemental Deed), the principal terms of the Relevant Bonds (as amended by the Deed of Amendment (as amended by the Supplemental Deed)) will be as follows:

Principal amount:	An aggregate principal amount of up to HK\$256,000,000
Maturity Date:	Twentieth (20th) anniversary of the date of issue
Interest rate:	Nil
Conversion Price:	The Conversion Price is HK\$0.202 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Relevant Bonds.

The Conversion Price of HK\$0.202 per Conversion Share represents:

- (i) a premium of approximately 1.00% over the closing price of HK\$0.20 per Share as quoted on the Stock Exchange on the last trading date of signing of the Supplemental Deed;
- (ii) a premium of approximately 0.30% over the average closing price of approximately HK\$0.201 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Supplemental Deed; and
- (iii) a premium of approximately 110.42% over the net asset price of approximately HK\$0.096 per Share, calculated based on the audited consolidated net assets of HK\$140,562,000 as at 31 March 2023 and 1,464,193,024 Shares in issue as at the date of the Supplemental Deed.

Adjustment events: The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:-

- (i) consolidation or sub-division of Shares;
- (ii) capitalisation of profits;
- (iii) capital distribution;
- (iv) issue of Shares by way of rights, options and warrants;
- (v) issue of any securities if and whenever the Company shall issue wholly for cash which are convertible into, exchangeable for or carry rights of subscription for Shares;
- (vi) modification of rights of conversion or exchange or subscription attaching to any such securities;
- (vii) issue of Shares wholly for cash at more than 20% discount to the market price of such Shares; and
- (viii) issue of Shares for acquisition of asset at more than 20% discount to the market price of such Shares.

Conversion Shares: Based on the initial Conversion Price of HK\$0.202, a maximum number of 1,267,326,732 Shares (the “**Conversion Shares**”) will be allotted and issued upon exercised in full of the conversion rights attaching to the Relevant Bonds, which represent:

- (i) approximately 86.55% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 46.40% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to Relevant Bonds.

- Conversion Restrictions: Upon exercise of the conversion rights attaching to the Relevant Bonds,
- (i) the holders of Relevant Bonds and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
  - (ii) the public float of the Company will comply with the relevant requirements under the Listing Rules.
- Conversion Period: The period commencing from the date of issue of the Relevant Bonds and ending on the day which falls on the Maturity Date.
- Early Redemption: The Company shall not be entitled to redeem all or part of the outstanding Relevant Bonds prior to the Maturity Date.
- The Company or any of its subsidiaries may at any time and from time to time purchase the Relevant Bonds at any price as agreed between the Company or such subsidiary and the relevant holder of the Relevant Bonds.
- Furthermore, according to the instrument constituting the Relevant Bonds, the holders of the Relevant Bonds do not have the right to early redemption of all or part of the outstanding Relevant Bonds prior to the Maturity Date.
- Ranking: The Conversion Shares shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability: Any transfer of the Relevant Bonds shall be in respect of the whole or any part (in multiples of HK\$400,000) of the principal amount of the Relevant Bonds.
- Furthermore, according to the instrument constituting the Relevant Bonds, the Relevant Bonds must not be transferred to any person, firm or company which is a connected person (as defined in the Listing Rules) of the Company except in compliance with the applicable requirements under the Listing Rules and the Takeovers Code.

Application for listing:	No application will be made by the Company to the Stock Exchange for listing of the Relevant Bonds. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
Notice of conversion by other bondholders:	The Company may, upon request by the holders of the Relevant Bonds in writing, notify the holders of the Relevant Bonds about the conversion of the Relevant Bonds of the Company by other bondholders within 7 Business Days from the date of receipt of the relevant conversion notice.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Relevant Bonds (assuming there is no change in the issued share capital of the Company other than the issue of the Conversion Shares):

Shareholders	As at the date of this announcement		Immediately upon full conversion of the outstanding Relevant Bonds (assuming there being no other change in the issued share capital other than the issue of the Conversion Shares)	
	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>
<i>Director</i>				
Mr. Tang Rong	396,200	0.03	396,200	0.02
<i>Substantial shareholders</i>				
Dr. Mao	323,200,000	22.07	1,550,922,772	56.78
China United Gene Investment Holdings Limited ( <i>Note 1</i> )	7,770,810	0.53	7,770,810	0.28
Mr. Chau Yiu Ting	328,600,000	22.44	328,600,000	12.03

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately upon full conversion of the outstanding Relevant Bonds (assuming there being no other change in the issued share capital other than the issue of the Conversion Shares)</b>	
	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>
<i>Bondholders</i>				
United Gene	—	—	39,603,960	1.45
<i>Public Shareholders</i>	<u>804,226,014</u>	<u>54.93</u>	<u>804,226,014</u>	<u>29.44</u>
<b>Total</b>	<b><u>1,464,193,024</u></b>	<b><u>100</u></b>	<b><u>2,731,519,756</u></b>	<b><u>100</u></b>

## **REASONS FOR THE AMENDMENT (AS AMENDED BY THE SUPPLEMENTAL DEED)**

Pursuant to the terms and conditions of the original Relevant Bonds instrument, the principal payment of the outstanding Relevant Bonds in the amount of HK\$236,800,000 and HK\$19,200,000 became due on 24 October 2023 and 26 December 2023 respectively. Based on the audited consolidated financial statement of the Group for the year ended 31 March 2023, the Group recorded net current liabilities of approximately HK\$1,137,161,000. The Amendment (as amended by the Supplemental Deed) would ease the immediate financial burden of the Group.

The terms of the Amendment (as amended by the Supplemental Deed) were arrived at after arm's length negotiations between the Company and the holders of the Relevant Bonds. The Board is of the view that the Amendment would bring benefits to the Group, which includes providing greater flexibility to the Company's working capital management and the alleviation of the immediate funding needs of the Company to redeem the outstanding principal amount of the Relevant Bonds at no additional interest cost.

In view of the above, the Board considered that the terms of the Amendment (as amended by the Supplemental Deed) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as disclosed above, other material terms and conditions of the Deed of Amendment shall remain unchanged and continue to be in full force and effect in all respects.

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

Hong Kong, 22 December 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).*