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If you have sold or transferred all your shares in **Immunotech Biopharm Ltd**, you should hand this circular at once to the purchaser(s) or transferee(s) or to the bank, licensed securities dealers or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



Immunotech Biopharm Ltd
永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6978)

**PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A notice convening the EGM to be held at 8/F, Block 1, Guosheng Technology Park, No. 1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China on Wednesday, 11 January 2023 at 10:00 a.m. is set out on pages 25 to 27 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.eaal.net>).

Whether or not you are able to attend the meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the meeting (i.e., not later than 10:00 a.m. on Monday, 9 January 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish, and in such event, the relevant form of proxy shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

Hong Kong, 16 December 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Assets Mortgage”	the mortgage of the land use rights and other pledged assets under the Subscription Agreement
“Board”	the board of Directors
“Closing Date”	the date which is the fifth business day after, and excluding, the date upon which the last of the closing conditions under the Subscription Agreement has been satisfied or waived, or such other date as the parties may agree in writing
“Company”	Immunotech Biopharm Ltd (永泰生物製藥有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the issuance and subscription of the Convertible Bonds contemplated under the Subscription Agreement
“Conditions Precedent”	the Conditions Precedent of the Subscription Agreement
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$4.81 per Conversion Share, equivalent to RMB4.38 per Conversion Share (based on the exchange rate of RMB1 to HK\$1.09849 which is the average mid-point daily exchange rate of RMB to HK\$ published by the People’s Bank of China for five business days prior to and excluding the date of the Subscription Agreement) (subject to adjustments)
“Conversion Shares”	the Shares falling to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million to be issued by the Company to the Investor pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 8/F, Block 1, Guosheng Technology Park, No. 1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China on Wednesday, 11 January 2023 at 10:00 a.m. or any adjournment thereof (as the case may be), to consider and approve, among other things, the entering into of the Subscription Agreement and the transactions contemplated thereunder
“Government Authority”	any national, provincial, municipal, city or local government or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through share or capital ownership or otherwise, by any of the foregoing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual(s)”	Mr Tan, Mr Tan Xiao Yang and Ms Tan Yue Yue (collectively as the “ Individuals ”, and each an “ Individual ”)
“Investor”	Tasly (Hong Kong) Pharmaceutical Investment Limited
“Latest Practicable Date”	14 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Material Adverse Change”	any material adverse change in, or any change in circumstances that has a material adverse effect on, the business, operations, financial position, earnings, condition or prospects of the Group taken as a whole
“Mr Jung”	Mr Jung Hyun Chul, the executive Director and the chief strategy officer of the Company
“Mr Tan”	Mr Tan Zheng, the executive Director and chairman of the Company
“Obligor(s)”	Tan Zheng Ltd, Tan Xiao Yang Ltd and Tan Yue Yue Ltd (collectively as the “ Obligors ”, and each an “ Obligor ”)
“Passive Minority Shareholders”	in respect of the first irrevocable trust agreement dated 30 June 2016, Tan Xiaoyang, Zhang Junzheng, Ma Xiaoou, Ke Shaobin, Song Aiping, and Li Lei; in respect of the second irrevocable trust agreement dated 1 March 2018, Tan Xiaoyang, Zhang Junzheng, Ma Xiaoou, Song Aiping, Li Lei, Ke Shaobin, Wang Shuhui, Li Yunhui, Tan Yueyue, and Wang Yuning; and in respect of the Proxy Agreement, Tan Xiaoyang, Zhang Junzheng, Song Aiping, Ke Shaobin, Ma Xiaoou, Wang Yuning, Wang Shuhui, Li Yunhui, Tan Yueyue, and their respective investment holding companies, which are corporate Shareholders (as the case may be)
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proxy Agreement”	the proxy agreement dated 29 August 2019 entered into among Mr Tan, Tan Xiaoyang, Zhang Junzheng, Ma Xiaoou, Song Aiping, Ke Shaobin, Wang Shuhui, Li Yunhui, Tan Yueyue, Wang Yuning and their respective investment holding companies, whereby Tan Zheng Ltd was irrevocably entrusted with the other shareholders’ (and their respective investment holding companies’) voting rights at any general meeting of the Company since its incorporation such that Tan Zheng Ltd may exercise such voting rights with absolute discretion
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Security Documents”	the Assets Mortgage and Share Mortgages and any other documents evidencing or creating or expressed to evidence or create security interest over any asset to secure any obligation of any Obligor to the Investor under any of the Transaction Documents
“Share(s)”	the ordinary share of USD0.001 each in the share capital of the Company
“Share Mortgages”	the Shares charged by the Obligors under the Transaction Documents, which amounts to 24,685,714 ordinary Shares held by Tan Zheng Ltd, 46,080,000 ordinary Shares held by Tan Xiao Yang Ltd and 6,714,286 ordinary Shares held by Tan Yue Yue Ltd
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to authorise the Board to issue the Convertible Bonds, and to allot, issue and deal with the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 28 October 2022, entered into among the Company, the Investor, the Individuals and the Obligors in relation to the subscription of the Convertible Bonds
“Tasly Pharmaceutical”	Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), a company established in the PRC and listed on the Shanghai Stock Exchange since 2002 (stock code: 600535.SH)
“Transaction Documents”	the Subscription Agreement and the Convertible Bonds instrument, in each case as amended, varied and/or restated from time to time, or any other document designated in writing as such by the Investor at any time

DEFINITIONS

“USD”	United States dollar(s), the lawful currency in the United States
“%”	per cent

In this circular, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. Unless otherwise defined, capitalised terms used herein shall have the meaning as defined in the announcements published by the Company on 30 October 2022 and 31 October 2022.

The English names of the PRC entities referred to in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.



Immunotech Biopharm Ltd
永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

Executive Directors:

Mr Tan Zheng (*Chairman*)
Dr Wang Yu (*Chief executive officer*)
Mr Jung Hyun Chul

Registered office:

PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Non-executive Directors:

Mr Si Xiaobing
Mr Lu Yuan
Mr Tao Ran

Principal place of business in

Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Independent non-executive Directors:

Professor Wang Yingdian
Mr Ng Chi Kit
Ms Peng Sujiu

16 December 2022

To the Shareholders,

Dear Sir or Madam,

**PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 30 October 2022 and 31 October 2022 in relation to the Subscription Agreement and the transactions contemplated thereunder.

The purpose of this circular is (i) to provide you with, among other things, further information on the Subscription Agreement; and (ii) to give the Shareholders a notice of the EGM and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date:

28 October 2022 (after trading hours)

Parties:

- (1) the Company, as issuer;
- (2) the Investor, as subscriber;
- (3) the Individuals, as sole shareholders of the respective obligors; and
- (4) the Obligors, as obligors.

Principal Amount of the Convertible Bonds

Pursuant to the Subscription Agreement and subject to the satisfaction or waiver of the Conditions Precedent set out below, the Investor will subscribe for the Convertible Bonds in the principal amount of RMB300 million.

Conditions Precedent

Completion in respect of the Convertible Bonds shall be subject to and conditional upon the following Conditions Precedent being satisfied (or, if applicable, waived by the Investor):

- (1) the granting of the approval by the Stock Exchange for the listing of and permission to deal in, the Conversion Shares not having been revoked;
- (2) where required, the approval by the independent Shareholders and the transactions contemplated under the Transaction Documents and the Security Documents and all other consents and acts required under the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange;
- (3) the Board approving and authorising the transactions contemplated under the Transaction Documents and the Assets Mortgage;
- (4) none of the issuer warranties or the obligors warranties having been breached in any material respect (or, if capable of being remedied, has not been remedied) or is misleading or untrue in any material respect;

LETTER FROM THE BOARD

- (5) all necessary regulatory filings with, notifications to and approvals of the relevant Government Authorities (if any) to enter into the Transaction Documents and the Security Documents and perform the Obligors' obligations thereunder having been made and obtained, and such filings, notifications and approvals remaining valid and effective, and no Government Authority having taken or initiated any action which would prohibit the transactions contemplated under the Transaction Documents or any of the Security Documents;
- (6) after the date of the Subscription Agreement up to and at the Closing Date, there shall not have occurred any Material Adverse Change;
- (7) signing of any documents and undertaking any action, including filing or registration procedures for the perfection of security (other than the Security Documents) to the satisfaction of the Investor;
- (8) there have been delivered to the Investor a certificate in form and substance satisfactory to the Investor, dated as of the Closing Date, of a duly authorised officer of the Company;
- (9) the Investor and/or its associated company has passed the board resolutions for entering of the Transaction Documents and Security Documents and the transaction contemplated hereunder has been approved by the securities regulatory authority(ies) and the stock exchange(s); and has completed and obtained the overseas direct investment ("ODI") approval;
- (10) on or before the Closing Date, there have been delivered to the Investor opinions in respect of the legality, validity and enforceability of the obligations of the Company under the Transaction Documents and the Security Documents, in form and substance satisfactory to the Investor;
- (11) on or before the Closing Date, there have been delivered to the Investor opinions in respect of the legality, validity and enforceability of the obligations of the Obligors under the Transaction Documents and the Security Documents, in form and substance satisfactory to the Investor, dated the Closing Date, of a Hong Kong law firm and an offshore law firm as to Cayman Islands law in respect of the relevant documents governed by Hong Kong law and Cayman Islands law, respectively;
- (12) on or before the Closing Date, there have been delivered to the Investor opinions in respect of the legality, validity and enforceability of the obligations of Pharos Vaccine Inc. under the letter of confirmation and undertaking signed by it on 5 March 2020, in form and substance satisfactory to the Investor, dated the Closing date, of a PRC law firm as to PRC law; and

LETTER FROM THE BOARD

- (13) the Investor having performed and obtained all necessary external, internal and corporate approvals under all applicable Laws and listing rules regarding the Transaction Documents and the Security Documents, and such approvals remain valid and have not been revoked until the Closing Date.

The Investor may waive the Conditions Precedent (4), (6) – (8) and (10) – (12) above. As at the Latest Practicable Date, save as Condition Precedent (3) above, the Conditions Precedent have not yet been satisfied.

If any of the Conditions Precedent have not been satisfied or waived on or before the 90 days from the date of the Subscription Agreement or such later date as the Company and the Investor may agree, the Subscription Agreement shall automatically terminate and no party will have any claim against the other for costs, damages, compensation or otherwise (save for provisions relating to, among others, survival of representations and obligations, confidentiality, costs, and governing law and dispute resolution).

Completion

Completion will take place on the Closing Date subject to the satisfaction (or waiver) of the Conditions Precedent set out above.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Issuer	:	The Company
Principal Amount	:	RMB300 million. The Convertible Bonds will be settled in RMB.
Maturity Date	:	3 years of the date of issue of the Convertible Bonds (the “Maturity Date”)
Interest	:	Simple interest rate of 6% per annum on the outstanding principal amount of the Convertible Bonds. Such interest shall accrue on a daily basis and shall be payable in arrears by the Company on the first anniversary, second anniversary and the Maturity Date.

LETTER FROM THE BOARD

The interest rate and the schedule of the interest payment were determined after arm's length negotiations between the parties with reference to recent convertible bonds transactions issued/announced by other issuers listed on the Stock Exchange in the past year. The comparable convertible bonds issues have interest rates ranged from nil to 12.0% per annum. The Directors consider that the payment terms and schedule of the interest payment are fair and reasonable.

Security : The Convertible Bonds will be secured by the security for the Company's payment obligations and the performance of Company's obligations in respect of the Convertible Bonds. The security includes the Assets Mortgage and the Share Mortgages.

The Assets Mortgage includes certain fixed assets such as the land use rights and equipment under three land parcels in China and other pledged assets such as the interest in two investment funds provided by the Group. As at the date of the Subscription Agreement, the value of the pledged assets under the Assets Mortgage was approximately RMB336 million. The Share Mortgages include the Shares charged by the Obligors under the Transaction Documents, which amounts to 24,685,714 ordinary Shares held by Tan Zheng Ltd, 46,080,000 ordinary Shares held by Tan Xiao Yang Ltd and 6,714,286 ordinary Shares held by Tan Yue Yue Ltd.

In respect of the Assets Mortgage, an enforcement event means where an event of default has occurred which is continuing. In respect of the Share Mortgages, an enforcement events means where an event of default has occurred which is continuing and after the Investor has exhausted all of its other rights and powers under the Transaction Documents (including its rights of redemption upon an event of default and its rights of enforcement of the Assets Mortgage provided under the Subscription Agreement), there is still a shortfall in the satisfaction of the secured obligations.

LETTER FROM THE BOARD

Initial Conversion Price : The initial conversion price shall be 90% to the average closing price of the shares as quoted on the Stock Exchange for the last five consecutive trading days prior to and excluding the date of execution of the Subscription Agreement. The average closing price from 21 October 2022 to 27 October 2022 was HK\$5.348 per Share and the last closing price on the date of the Subscription Agreement (i.e., 28 October 2022) was HK\$5.81 per Share (the “**Last Closing Price**”). Thus, the initial conversion price represents a discount of 17.2% over the Last Closing Price.

The initial conversion price was determined after arm’s length negotiations between the parties and taking into account, among others, (i) the historical price of the Shares; (ii) the prevailing market price of the Shares; (iii) the business prospects and the funding needs of the Company; and (iv) the funding options available to the Company. As such, the Directors consider the initial conversion price is fair and reasonable based on the current market condition and in the interests of the Company and the Shareholders as a whole.

Adjustment to the Conversion Price : The initial conversion price is subject to adjustment upon the occurrence of certain prescribed events:

- (1) an alteration to the nominal value of the shares as a result of consolidation or subdivision of shares;
- (2) an issue (including scrip dividend) by the Company of its shares credited as fully paid to the shareholders by way of capitalisation of profits or reserves;
- (3) a capital distribution being made by the Company, including dividend in cash or on a reduction of capital or otherwise, or grant to such shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (4) an issue wholly for cash by the Company of its shares (i.e., issue of Shares except for those events under adjustment events (6) – (9) below), at a price per share less than 80% of the current market price;

LETTER FROM THE BOARD

- (5) an issue wholly for cash by the Company of its shares (i.e., issue of Shares except for those events under adjustment events (6) – (9) below), at a price per share less than the Conversion Price;
- (6) an issue to all shareholders as a class by way of rights or issue or grant to all shareholders as a class by way of rights, options, warrants carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than 80% of the current market price;
- (7) an issue to all shareholders as a class by way of rights or issue or grant to all shareholders as a class by way of rights, options, warrants carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than the Conversion Price;
- (8) an issue wholly for cash by the Company or its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than the current market price;*
- (9) the terms of any such rights of conversion or exchange or subscription attached to any such securities mentioned in item (8) above being modified so that the said total effective consideration per share initially receivable for such securities is less than the current market price;*

* Having considered such adjustment events involve convertible/exchangeable securities and Rule 13.36(6) of the Listing Rules, the adjustment price is set to be triggered with reference to the current market price as compared to 80% of the current market price, as in adjustment events (4) & (6).

LETTER FROM THE BOARD

- (10) an issue wholly for cash by the Company or its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than the Conversion Price; and
- (11) the terms of any such rights of conversion or exchange or subscription attached to any such securities mentioned in item (10) above being modified so that the said total effective consideration per share initially receivable for such securities is less than the Conversion Price.

Current market price means in respect of a share at a particular date the average of the closing prices for one share for the five consecutive dealing days ending on and including the dealing day last preceding the date of announcement of such terms.

- (i) In the case of an issue wholly for cash by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than 80% of the current market price (i.e., in the cases of adjustment events (4) and (6) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such increase of number of issued shares by the following fraction:

$$\frac{A + B}{A + C}$$

where

A is the number of shares in issue immediately before such issue;

B is the number of shares which the aggregate consideration receivable by the Company for the shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such current market price per share; and

LETTER FROM THE BOARD

C is the maximum number of shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate. Such adjustment shall become effective on the date of issue of such securities.

- (ii) In the case of an issue wholly for cash by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than the current market price (i.e., in the cases of adjustment events (8) and (9) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such increase of number of issued shares by the following fraction:

$$\frac{A + B}{A + C}$$

where

A is the number of shares in issue immediately before such issue;

B is the number of shares which the aggregate consideration receivable by the Company for the shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such current market price per share; and

C is the maximum number of shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of issue of such securities.

- (iii) In the case of an issue wholly for cash by the Company or its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total effective consideration per share initially receivable for such securities is less than the Conversion Price (i.e., in the cases of adjustment events (5), (7), (10) and (11) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where

A is the number of shares in issue immediately before such issue;

B is the number of shares which the aggregate consideration receivable by the Company for the shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at the Conversion Price in force immediately prior to such issue; and

C is the maximum number of shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

LETTER FROM THE BOARD

- (iv) In the case where the Company made a capital distribution (i.e. in the cases of adjustment events (2) and (3)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where

A is the current market price of one share on the date that the capital distribution is publicly announced; and

B is the fair market price on the date of such announcement of the capital distribution attributable to of one share. Such fair market price shall be reviewed and confirmed by an independent financial advisor appointed by the Company and be agreed by the Company before the adjustment becomes effective. The appointment of the independent financial advisor shall be subject to the written consent of the Investor.

Such adjustment shall become effective on the date of such capital distribution.

- (v) In the case of consolidation or subdivision (i.e., in the cases of adjustment event (1)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where

A is the number of shares in issue immediately before such consolidation or subdivision; and

B is the number of shares in issue after such consolidation or subdivision.

LETTER FROM THE BOARD

Such adjustment shall become effective on the completion date of such consolidation or subdivision.

In case more than one adjustment event is triggered, the Investor shall negotiate with the Obligors' representative about the applicable mechanism and the one resulting in lower adjusted Conversion Price shall prevail.

- Conversion Period : Convertible into the shares of the Company at the option of the applicant at any time commencing from six months after the issue date up the business day immediately prior to the Maturity Date ("**Conversion Period**").
- Ranking of the Conversion Shares : Conversion Shares shall *rank pari passu* in all aspects with the ordinary shares in the Company in issue on the conversion date and shall be entitled to all dividends and other distributions the record date for which falls on a date on or after the conversion date.
- Redemption Price at Maturity : The aggregate outstanding principal amount of such relevant Convertible Bonds plus an amount that would make up an aggregate return on the relevant principal amount of the Convertible Bonds of 8% per annum calculated from and including the issue date until and excluding the Maturity Date.
- Redemption at Event of Default : The Investor shall have the right to require the Company to redeem all or part of the outstanding Convertible Bonds it holds at the time when the event of defaults occurs and such relevant amount of Convertible Bonds shall immediately become due and repayable at the redemption price, which is the aggregate principal amount of the outstanding Convertible Bonds held by the Investor at that time, plus an amount that would make up an aggregate return on the relevant principal amount of such outstanding Convertible Bonds of 10% per annum calculated from and including the issue date until and excluding the date on which the outstanding amount of the redemption price is fully paid by the Company.

LETTER FROM THE BOARD

- Transferability : The applicant shall not transfer its Convertible Bonds to any person (other than its affiliate) unless with the written consent of the Company.
- Assets Coverage : The formula for calculating the asset coverage is the fair value of the securities for the Convertible Bonds divided by the outstanding principal amount of the Convertible Bonds must be not less than 130%. If the assets coverage percentage fails to maintain at or above 130%, the Company shall within seven business days inform the Investor and if the asset coverage percentage fails to maintain at such prescribed percentage, for 30 consecutive days or longer, the Investor shall be entitled to seek further security from the Company and the Company shall, within 21 business days, provide the duly effected security to the Investor. Upon any exercise of conversion rights by the Investor, the Company shall be, subject to the consensus reached with the Investor as to which security to be discharged, entitled to request for the partial discharge of security from the Investor and the Investor shall, within 21 business days, duly effected the partial discharge of security.
- Public Float : The Company shall maintain the minimum public float requirement as stipulated in the Listing Rules before the Maturity Date. The Investor shall have the right to exercise the conversion right attaching to the Convertible Bonds provided, among others, that it will not cause the Company to be unable to meet the public float requirement under the Listing Rules.
- Cooperation between the Investor and the Issuer : The Company, subject to the Listing Rules and the terms to be further negotiated and finalised between the Investor and the Company, shall enter into a contract granting pre-emptive rights in the sale of its EAL[®] products to the Investor within six months after the date of the Completion.
- Listing : No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

LETTER FROM THE BOARD

SPECIFIC MANDATE

The Board proposes to seek the approval of the Shareholders to grant the Specific Mandate at the EGM to cover the issue of Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attached to the Convertible Bonds. The issue of Convertible Bonds and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds are also subject to approval by the Shareholders at the EGM.

CHARGE OF SHARES AND GUARANTEE PROVIDED BY THE CONTROLLING SHAREHOLDERS

The Convertible Bonds will have the benefit of the security constituted by the Security Documents on a pari passu basis for all amounts payable on the Convertible Bonds by the Obligors under the Transaction Documents.

The Security Documents shall become immediately enforceable if an event of default occurs and is continuing, following which the Investor (or its appointee) may, but shall not be bound, to take such proceedings or other action as it shall, in its discretion, think fit to enforce. Pursuant to the Share Mortgages, the Obligors shall charge in favour of the Investor by way of first fixed charge all rights, title and interest including all benefits and advantages, present and future, actual and contingent accruing, deriving or incidental to any of the charged Shares, excluding the voting rights but including:

- (a) any dividend or other distributions, interest and other income paid or payable in relation to any charged Shares;
- (b) all shares, securities, rights, monies or other property accruing, offered or issued at any time by way of redemption, conversion, repurchase, substitution, exchange, bonus issue or preference, option or otherwise in respect of any charged Shares (including but not limited to proceeds of sale); and
- (c) all certificates or other evidence of title to any of the charged Shares now and from time to time hereafter deposited with the chargee.

APPLICATION FOR LISTING

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

LETTER FROM THE BOARD

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The Company is a pre-revenue biotechnology company and is currently focusing on the research, development and, commercialisation of T cell immunotherapy. The Company is in need of capital for its operation and research and development of pipeline and commercialisation of its products. The Company wants to seek an experienced and reputable business partner in the industry to assist its research and development and commercialisation of its products. As the Investor was one of the pre-IPO investors of the Company and is familiar with the business of the Company, the Directors consider the issue of Convertible Bonds to raise funds will provide an opportunity for the Company to enhance its working capital and financial position and support the business development of the Group. They also consider that the issue of Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Company has considered alternative financing methods such as internal cash resources or bank financing that was available to the Company. Given that the Company is currently still in pre-revenue stage, most commercial banks in the PRC were only available to provide fundings under the condition that the Company has achieved positive cash flow. Taking into consideration the prevailing market condition, the financial position of the Group, and the Company's funding needs for its operation, research and development and commercialisation of its products, the Directors consider that it is a prudent way to issue the Convertible Bonds, even the Shareholders may suffer dilution effects under the Convertible Bonds upon conversion of the Conversion Shares (if any).

The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Investor, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds from the issue of Convertible Bonds of approximately RMB300 million are intended to be applied by the Company to satisfy operational fees, costs or expenses arising from or relating to the business, or to finance any investment in, acquisition or share subscription of shares or equity interest of companies. The Company intends to apply the use of proceeds as follows:

- (1) approximately RMB102.3 million will be applied for EAL[®] clinical trial and the Company is expected to utilise the said fund by the end of 2023; and
- (2) approximately RMB197.7 million will be applied for the construction costs of new research and development and production centres and the Company is expected to utilise the remaining fund by the end of 2025.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) for illustration purpose only, immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds (on the assumptions that the Conversion Price being HK\$4.81, equivalent to RMB4.38 per Conversion Share (based on the exchange rate of RMB1 to HK\$1.09849 which is the average mid-point daily exchange rate of RMB to HK\$ published by the People's Bank of China for five business days prior to and excluding the date of the Subscription Agreement) and there is no further allotment of Shares from the date of this circular other than the Conversion Shares) is as follows:

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds (Note 2)	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>% of shareholding</i>	<i>Number of Shares</i>	<i>% of shareholding</i>
Mr Tan and parties acting in concert (Note 1)	180,480,000	35.07%	180,480,000	30.95%
Evodevo Ltd	134,948,571	26.22%	134,948,571	23.14%
Beijing Pharmaceutical Investment and Management (BVI) Limited	51,458,400	10.00%	51,458,400	8.83%*
The Investor	6,974,000	1.36%*	75,467,150	12.94%
Other Public Shareholders	140,723,029	27.35%*	140,723,029	24.14%*
Total	<u>514,584,000</u>	<u>100.00%</u>	<u>583,077,150</u>	<u>100.00%</u>

Notes:

- Pursuant to the Proxy Agreement, the Passive Minority Shareholders have irrevocably entrusted their voting rights at any general meeting of the Company to Tan Zheng Ltd, such that it may exercise such voting rights with absolute discretion and hence it is deemed to be interested in the Shares held by the Passive Minority Shareholders. As at the Latest Practicable Date, Mr Tan is deemed to be interested in an aggregate of 180,480,000 Shares, which comprised of (i) voting rights of 142,080,000 Shares, entrusted to Tan Zheng Ltd by the Passive Minority Shareholders pursuant to the Proxy Agreement; and (ii) 38,400,000 Shares directly owned and held by Tan Zheng Ltd.
 - The figures in this column are for illustrating the full dilution effect on the shareholding of the existing Shareholders and are arrived on based on the assumption that all the Convertible Bonds are converted at the Conversion Price.
- * denotes public float.

LETTER FROM THE BOARD

Based on the current shareholding structure, the Company expects that immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds, its public float will be approximately 32.97%, and hence, will comply with the public float requirement under Rule 8.08(1) of the Listing Rules.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fundraising activities by way of issue of equity securities in the past 12 months immediately prior to the Latest Practicable Date.

INFORMATION OF THE GROUP AND THE INVESTOR

Information about the Group

The Group is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 16 years. Since its establishment in 2006, it has focused on research and development and clinical applications of cellular immunotherapy drugs for cancers and other major diseases, by applying advanced theories in immunology, cell biology, and genetics for the production of EAL[®] cells.

Its product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL[®], its main product candidates include the CAR-T cell series and the TCR-T cell series.

Information about the Investor

The Investor is a company incorporated in Hong Kong and a wholly owned subsidiary of Tasly Pharmaceutical. Tasly Pharmaceutical is principally engaged in the research and development, manufacture and distribution of Chinese and chemical medicinal products and is one of the leading companies in modernized traditional Chinese medicine development. Through its subsidiaries, Tasly Pharmaceutical is also engaged in biopharmaceutical business in the PRC with a bench-to-bedside biologics commercialization platform which vertically integrates the research and development, manufacturing, and sales and marketing of proprietary biologic products.

The Investor was one of the cornerstone investors of the Company at the time of the Listing and was allotted with 6,974,000 Shares, which amounted to approximately 1.36% of the total number of issued Shares, pursuant to the relevant cornerstone agreement.

LISTING RULES IMPLICATIONS

Pursuant to the terms of the Transaction Documents, the Obligors have charged their respective Shares to the Investor under the Share Mortgages, which is a financial assistance received by the Group from connected persons (as defined under the Listing Rules). Pursuant to Rule 14A.90 of the Listing Rules, as (i) the Share Mortgages will be

LETTER FROM THE BOARD

conducted on normal commercial terms or better; and (ii) no security over the assets of the Group is granted in respect of the Share Mortgages, the Share Mortgages would therefore be exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As the Transaction Documents impose, among other things, a specific performance obligation on the controlling shareholder of the Company (i.e. one of the Obligors) and a breach of such obligation will cause a default therein, the Company will make continuing disclosure in its subsequent interim and annual reports pursuant to the requirements of Rule 13.21 of the Listing Rules for so long as circumstances giving rise to the disclosure obligation under Rules 13.17 and 13.18 of the Listing Rules continue to exist.

GENERAL

As the Subscription Agreement may or may not complete, and the Convertible Bonds and/or the Conversion Shares may or may not be issued, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at 8/F, Block 1, Guosheng Technology Park, No. 1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China on Wednesday, 11 January 2023 at 10:00 a.m., to consider and if thought fit, to approve, among other things, the entering into of the Subscription Agreement and the transactions contemplated thereunder (including the issue of Convertible Bonds and the grant of the Specific Mandate).

Reference is made to the announcement of the Company dated 30 October 2022 in relation to the call option deed entered into between Mr Jung and the Investor. The transaction relating to the Convertible Bonds and the transaction relating to the call option are not inter-conditional and were conducted by the Investor with two different groups of counterparties. None of Mr Jung, Evodevo Ltd and their close associates is a party to or has participated in the negotiation of the Subscription Agreement and the transactions contemplated thereunder. Mr Tan and Tan Zheng Ltd are parties to the Subscription Agreement and the Share Mortgages mainly to provide security under the Transaction Documents for the benefit of the Company and are not conferred with any benefit in return (whether economic or otherwise) not available to other Shareholders. To the best knowledge, information and belief of the Directors having made all reasonable enquires, as at the Latest Practicable Date, Mr Jung, Evodevo Ltd, Mr Tan, Tan Zheng Ltd and their respective close associates (i) were independent of the Investor and its close associates, (ii) will not be conferred with any benefit (whether economic or otherwise) not available to other Shareholders under the Subscription Agreement and the transactions contemplated thereunder and (iii) the Investor may or may not exercise the option under the Deed. Based on the above, none of Mr Jung, Evodevo Ltd, Mr Tan, Tan Zheng Ltd and their respective close associates has a material interest in the Subscription Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquires, as no Shareholders (except the Investor) has a material interest in the Subscription Agreement and the transactions contemplated thereunder, no Shareholders (except the Investor) is required to abstain from voting at the EGM on the resolution to approve the above matter.

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolution put to the vote at the EGM will be taken by way of poll.

The notice of the EGM is set out on pages 25 to 27 of this circular.

A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting (i.e., not later than 10:00 a.m. on Monday, 9 January 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board is of the view that although the Subscription Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As such, the Board recommends that all Shareholders vote in favour of the ordinary resolution to be proposed at the EGM regarding the Subscription Agreement and the transactions contemplated thereunder (including the issue of Convertible Bonds and the grant of the Specific Mandate).

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



Immunotech Biopharm Ltd

永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Immunotech Biopharm Ltd (the “**Company**”) (the “**EGM**”) will be held at 8/F, Block 1, Guosheng Technology Park, No. 1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China on Wednesday, 11 January 2023 at 10:00 a.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the subscription agreement dated 28 October 2022 (the “**Subscription Agreement**”) entered into among the Company, Tasly (Hong Kong) Pharmaceutical Investment Limited (the “**Investor**”), Mr Tan, Mr Tan Xiao Yang and Ms Tan Yue Yue (collectively as the “**Individuals**”, and each an “**Individual**”) and Tan Zheng Ltd, Tan Xiao Yang Ltd and Tan Yue Yue Ltd (collectively as the “**Obligors**”, and each an “**Obligor**”) in respect of the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million to be issued by the Company to the Investor pursuant to the Subscription Agreement (the “**Convertible Bonds**”) upon and subject to the terms and conditions as set out therein and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of Convertible Bonds by the Company in accordance with the terms and conditions of the Convertible Bonds be and is hereby approved;
- (c) the allotment and issue of new ordinary shares of USD0.001 each in the share capital of the Company (the “**Conversion Shares**”) which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds be and are hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) conditional upon, among others, the listing committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Conversion Shares, the specific mandate to the directors of the Company (the “**Directors**”) to exercise the powers of the Company for the issue of Convertible Bonds and the allotment and issue of the Conversion Shares in accordance with the terms and conditions of the Convertible Bonds be and is hereby approved. The aforementioned specific mandate is in addition to, and shall not prejudice or revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and
- (e) any one Director be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds.”

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 16 December 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A resolution at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.eaal.net>) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In case of joint holders of shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at any meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the above meeting (i.e., not later than 10:00 a.m. on Monday, 9 January 2023) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 5 January 2023 to Wednesday, 11 January 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 4 January 2023.