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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 29 May 2025 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 206,400,000 Placing Shares at the Placing Price of HK\$0.175 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum of 206,400,000 Placing Shares represent (i) approximately 11.32% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.17% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.175 per Placing Share represents: (i) a discount of approximately 17.84% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on 29 May 2025, being the date of the Placing Agreement; and (ii) a discount of approximately 17.45% to the average closing price of approximately HK\$0.212 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An 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 Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$36,120,000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$600,000, are estimated to be approximately HK\$35,520,000. The Company intends to apply the net proceeds in full from the Placing for the general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 29 May 2025 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 206,400,000 Placing Shares at the Placing Price of HK\$0.175 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 29 May 2025

Parties: (i) the Company, as issuer; and
(ii) CNI Securities Group Limited, as placing agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent on behalf of the Company. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed to currently expected to be not less than six Placees who shall be individuals, corporate, institutional investors or other investors independent of and not connected or acting in concert with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum of 206,400,000 Placing Shares represent (i) approximately 11.32% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.17% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 206,400,000 Placing Shares is HK\$2,064,000.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.175 per Placing Share represents:

- (i) a discount of approximately 17.84% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on 29 May 2025, being the date of the Placing Agreement; and
- (ii) a discount of approximately 17.45% to the average closing price of approximately HK\$0.212 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$35,520,000 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the fulfilment of the following conditions:

- (i) the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Completion Date.

Save and except for condition (iii) as set out above, which may be waived by the Placing Agent, all the other conditions are not waiveable by either parties. In the event that any of the above conditions is not fulfilled on or before 19 June 2025 (or such other date the parties to the Placing Agreement may agree in writing), all obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Placing Agreement).

Completion of the Placing

Completion of the Placing shall take place on the Completion Date after which all the conditions set out in the Placing Agreement have been fulfilled (or such other date as the parties to the Placing Agreement may agree in writing).

Application for listing

An 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 Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 344,638,604 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent may be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (3) there is any material change (whether or not forming part of a series of changes) in commercial banking or securities settlement or clearance services in Hong Kong and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (5) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties hereunder or in the reasonable opinion of the Placing Agent may be materially adverse in the consummation of the Placing.

Upon termination of the Placing Agreement, all liabilities of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$36,120,0000. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$600,000, are estimated to be approximately HK\$35,520,000, representing a net issue price of approximately HK\$0.172 per Placing Share. The Company intends to apply the net proceeds in full from the Placing for the general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

The Directors has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Directors considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under the General Mandate.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) are as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
<i>Director</i>				
Mr. Tang Rong	396,200	0.02	396,200	0.02
<i>Substantial Shareholders</i>				
Dr. Mao Yumin	413,209,900	22.67	413,209,900	20.37
China United Gene Investment Holdings Limited (Note 1)	7,770,810	0.43	7,770,810	0.38
JNJ Investments Limited (Note 2)	55,000,000	3.02	55,000,000	2.71
Mr. Chau Yiu Ting	326,015,000	17.89	326,015,000	16.07
The Placees	—	—	206,400,000	10.17
Other public Shareholders	1,019,811,014	55.97	1,019,811,014	50.28
Total	<u>1,822,202,924</u>	<u>100.00</u>	<u>2,028,602,924</u>	<u>100.00</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.
- JNJ Investments Limited is a wholly-owned subsidiary of Blowindow Gene Development (Hong Kong) Limited, which in turn is a wholly-owned subsidiary of United Gene Group Limited, which is owned as to 33% by United Gene Holdings Limited. United Gene Holdings Limited is wholly owned by Dr. Mao Yumin.
- 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.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save and except as disclosed below, the Company did not conduct any fundraising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
28 July 2023, 9 May 2024, 24 May 2024 and 21 June 2024	The issue of the convertible bonds of the Company under specific mandate completed on 21 June 2024 by Dr. Mao Yu Min as the subscriber pursuant to the subscription agreement dated 27 July 2023 (as amended and supplemented by the extension letters dated 30 October 2023, 30 November 2023, 29 December 2023, 29 February 2024 and 28 March 2024) of which the subscription price was satisfied by way of offsetting certain debt liabilities owed by the Company	N/A	N/A	N/A
15 August 2023, 22 December 2023, 9 May 2024, 24 May 2024 and 21 June 2024	The amendment of the terms and conditions of the convertible bonds of the Company in the principal amount of HK\$8,000,000 held by United Gene International Holdings Group Limited and in the aggregate principal amount of HK\$248,000,000 held by Dr. Mao Yu Min pursuant to the deed of amendment dated 15 August 2023 (as amended and supplemented by a supplemental deed dated 22 December 2023 and the extension letter dated 29 December 2023) completed on 21 June 2024	N/A	N/A	N/A

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Innovative Pharmaceutical Biotech Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 399)
“Completion Date”	the fourth Business Day after the fulfillment of the conditions set out in the Placing Agreement
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 29 August 2024 to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of such resolution, pursuant to which a maximum of 344,638,604 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 206,400,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 29 May 2025 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.175 per Placing Share (exclusive of any brokerage, Securities and Futures Commission transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to 206,400,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“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)

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Innovative Pharmaceutical Biotech Limited
Yeung Yung
Chairman

Hong Kong, 29 May 2025

As at the date of this announcement, the Board comprises, Dr. Yeung Yung (Chairman and executive Director), Mr. Gao Yuan Xing (executive Director), Mr. Tang Rong (executive Director), Ms. Qi Shujuan (executive Director), Dr. Long Fan (executive Director), Dr. Wu Ming (executive Director), Mr. Zhang Shen (executive Director), Mr. Zhang Yi (non-executive Director), Ms. Chen Weijun (independent non-executive Director), Mr. Wang Rongliang (independent non-executive Director) Mr. Chen Jinzhong (independent non-executive Director), Dr. Xia Tingkan, Tim (independent non-executive Director) and Ms. Sun Sizheng (independent non-executive Director).