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# **INNOMAXX BIOTECHNOLOGY GROUP LIMITED**

**創富生物科技集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

## **PLACING OF NEW SHARES AND RESUMPTION OF TRADING**

### **PLACING AGENT**



**Goldbond Securities Limited**

#### **PLACING OF NEW SHARES**

On 7 July 2006, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent, and the Placing Agent has conditionally agreed to place, on a best effort basis, a total of 1,000,000,000 Placing Shares (subject to Over-allotment Option) at the Placing Price to not less than six places.

The Placing Shares represent about 40.46% of the existing issued share capital of the Company of 2,471,812,853 Shares and about 28.80% of the issued share capital of the Company of 3,471,812,853 Shares as enlarged by the Placing Shares (before the exercise of Over-allotment Option). The purpose of the Placing is to finance the proposed acquisition of Lead Sun Group and further development of the rutile mine as referred to in the 6 July Announcement.

The Placing Price represents (i) a discount of approximately 3.61% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 7.19% over the average closing price per Share of about HK\$0.431 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 7.82% over the average closing price per Share of about HK\$0.371 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

Completion of the Placing is conditional upon, inter alia, the Stock Exchange granting listing of and permission to deal in the Placing Shares and/or the Over-allotment Shares, the passing of the resolutions by Shareholders approving the Formal Acquisition Agreement and the Placing Agreement at the special general meeting of the Company, the entering into the Formal Acquisition Agreement and the Formal Acquisition Agreement being unconditional in accordance with its terms.

The proceeds from the Placing are estimated to be about HK\$400 million (before the exercise of the Over-allotment Option and expenses incurred in relation to the Placing). The net proceeds from the Placing after deducting relevant expenses are estimated to be about HK\$397 million (before the exercise of the Over-allotment Option). The Board intends to apply such proceeds to finance the proposed acquisition of Lead Sun Group and further development of the rutile mine as referred to in the 6 July Announcement.

Trading in the Shares on the Stock Exchange has been suspended since 13 June 2006. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 11 July 2006.

Reference is made to the 6 July Announcement. Capitalised terms used herein shall have the same meanings as defined in the 6 July Announcement unless the context requires otherwise.

#### **I. THE PLACING AGREEMENT**

**Date:**

7 July 2006

**Issuer**

INNOMAXX Biotechnology Group Limited

**Placing Agent**

Goldbond Securities Limited

The Placing Agent has conditionally agreed with the Company to place, on a best-effort basis, the Placing Shares (subject to Over-allotment Option) to not less than six places. The Placing Agreement was arrived at after arm's length negotiations between the Company and the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

\* For identification purpose only

**Placees**

The Placing Shares shall be placed by the Placing Agent to not less than six Placees. The choice of Placees for the Placing Shares shall be determined by the Placing Agent, subject to the requirements of the Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that Placees and their respective ultimate beneficial owners shall be third parties independent of the Vendors, the Company and its connected persons (as defined under the Listing Rules).

**Placing Shares**

The Placing Shares represent (i) about 40.46% of the existing issued share capital of the Company of 2,471,812,853 Shares as at the date of this announcement; and (ii) about 28.80% of the issued share capital of the Company of 3,471,812,853 Shares as enlarged by the Placing Shares (before the exercise of Over-allotment Option).

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of the allotment and issue of the Placing Shares.

**Placing Price**

The Placing Price represents (i) a discount of about 3.61% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 7.19% over the average closing price per Share of about HK\$0.431 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 7.82% over the average closing price per Share of about HK\$0.371 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among other things, the recent trading prices of the Shares on the Stock Exchange. The Board considers that the terms of the Placing Agreement (including the Placing Price and the placing commission which were determined at the prevailing market rate) to be fair and reasonable and in the interest of the Company and its Shareholders as a whole.

**Conditions Precedent of the Placing Agreement**

Completion of the Placing Agreement is conditional upon, among others:

1. the Stock Exchange granting listing of and permission to deal in the Placing Shares and/or the Over-allotment Shares (subject to conditions to which neither the Placing Agent nor the Company may reasonably object);
2. the passing of the resolution by Shareholders approving the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares and/or the Over-allotment Shares) at the special general meeting of the Company;
3. the passing of the resolution by Shareholders approving the increase in the authorised share capital of the Company for the purpose of the allotment and issue of Shares under the Placing Agreement and the Formal Acquisition Agreement and the transactions contemplated thereunder;
4. the passing of the resolution by Shareholders approving the Formal Acquisition Agreement and the transactions contemplated thereunder at the special general meeting of the Company;
5. the obtaining of the permission of the Bermuda Monetary Authority for the allotment and issue of the Placing Shares and/or the Over-allotment Shares (if necessary);
6. the entering into of the Formal Acquisition Agreement; and
7. the Formal Acquisition Agreement being unconditional in accordance with its terms.

If the above conditions precedent of the Placing Agreement are not fulfilled on or prior to 30 November 2006 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement). In the event that the Placing Agreement is terminated, a further announcement will be issued by the Company.

No Shareholder is expected to abstain from voting for the passing of the resolution for approving the Placing Agreement and the transactions contemplated thereunder at the special general meeting.

As stated in the 6 July Announcement, the consideration for the Proposed Acquisition is intended to be satisfied by way of cash and issue of new Shares, and the increase in the authorised share capital of the Company may be required. Details of the increase in the authorised share capital of the Company will be disclosed in the announcement in relation to the Formal Acquisition Agreement.

**Completion of the Placing**

Completion of the Placing Agreement is expected to take place on the Completion Date after the fulfillment of the conditions precedent of the Placing Agreement. Completion of the Placing Agreement and the Formal Acquisition Agreement shall take place simultaneously.

**Over-allotment Option**

The Company has granted the Over-allotment Option to the Placing Agent to issue up to an additional 150,000,000 new Shares to such person or persons as the Placing Agent shall direct at the Placing Price for the purpose of covering over-allocations which may be made in connection with the Placing. The Over-allotment Shares represents (i) about 6.07% of the existing issued share capital of the Company of 2,471,812,853 Shares as at the date of this announcement; and (ii) about 4.14% of the issued share capital of the Company of 3,621,812,853 Shares as enlarged by the Placing Shares and the Over-allotment Shares. The aggregate number of the Placing Shares and the Over-allotment Shares to be issued represent (i) about 46.52% of the existing issued share capital of the Company of 2,471,812,853 Share as at the date of this announcement; and (ii) about 31.74% of the issued share capital of the Company of 3,621,812,853 Shares as enlarged by the Placing Shares and the Over-allotment Shares.

The Over-allotment Option shall be exercisable no earlier than the date of signing of the Formal Acquisition Agreement and shall expire at 5:00 p.m. (Hong Kong time) on the Completion Date.

**Termination**

The Placing Agent may terminate the Placing Agreement without liability to the Company:

- (A) if at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:
  - (a) any breach of any of the representations and warranties set out in the Placing Agreement or any failure to perform any of the Company's undertakings or agreements in the Placing Agreement; or
  - (b) any suspension in the trading of the Shares on the Stock Exchange for more than five consecutive trading days save for (i) the purposes of clearing of the announcement relating to the Placing Agreement for publication in press or circulars relating to the placing of the Placing Shares in the ancillary agreements thereto; and (ii) the transactions contemplated under the Formal Acquisition Agreement; or
  - (c) if there shall have been in the reasonable opinion of the Placing Agent, since the date of the Placing Agreement, any event, development or thing which in the reasonable opinion of the Placing Agent is or will be materially prejudicial to the Company or to the successful outcome of the placing of the Placing Shares.

- (d) any of the following events:
- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
  - (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the Placing (such success being the Placing to potential investor(s)) or otherwise in the opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (B) upon occurrence of any of the following events at any time prior to the Completion of the Placing Agreement:
- (i) there occurs any material deviation to the business plan of Shanxi Shenli or any matter or event that gives rise or may give rise to a material deviation to the business plan of Shanxi Shenli, as referred to in the Formal Acquisition Agreement, in each case, that has come to the attention of the Company; and
  - (ii) there occurs any material breach of the terms of the Formal Acquisition Agreement (including but not limiting to representations, warranties and undertakings thereunder).

#### Reason for the Placing and Use of proceeds

The Directors are of the view that the placing of new Shares can raise capital for the Company to finance the proposed acquisition of Lead Sun Group and further development of the rutile mine whilst at the same time broadens the shareholder and capital bases of the Company and improves its liquidity position.

The proceeds from the Placing are estimated to be about HK\$400 million (before the exercise of the Over-allotment Option and expenses incurred in relation to the Placing). The net proceeds from the Placing after deducting relevant expenses are estimated to be about HK\$397 million (before the exercise of the Over-allotment Option). The Board intends to apply such proceeds to finance the proposed acquisition of Lead Sun Group and further development of the rutile mine as referred to the 6 July Announcement.

The Company does not expect any change in control or change in Directors as a result of the Placing.

#### Effect on shareholding structure

The shareholding structure of the Company as at the date of this announcement, after the Placing Shares are set out as below:

	As at the date of this announcement		Immediately after completion of the Placing		Immediately after completion of the Placing (assuming full exercise of the Over-allotment Option)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Cai Yuan (Note 1)	500,000,000	20.23%	500,000,000	14.40%	500,000,000	13.81%
Luk Kin Peter Joseph (Note 2)	226,584,000	9.17%	226,584,000	6.53%	226,584,000	6.26%
Tang Tin Sek (Note 3)	300,000	0.01%	300,000	0.01%	300,000	0.01%
Existing public Shareholders	1,744,928,853	70.59%	1,744,928,853	50.26%	1,744,928,853	48.18%
Placees	–	–	1,000,000,000	28.80%	1,150,000,000	31.74%
<b>Total</b>	<b>2,471,812,853</b>	<b>100.00%</b>	<b>3,471,812,853</b>	<b>100.00%</b>	<b>3,621,812,853</b>	<b>100.00%</b>

#### Notes:

1. Mr. Cai Yuan is the Chairman of the Company.
2. Mr. Luk Kin Peter Joseph is the Chief Executive Officer and the Deputy Chairman of the Company
3. Dr. Tang Tin Sek is an independent non-executive Director.

#### Fund raising activity of the Company in the 12 months immediately preceding the date of this announcement

There was no fund raising activity conducted by the Company in the 12 months immediately preceding the date of this announcement.

## II. GENERAL

The Group is principally engaged in the businesses of investment holding, property investment, processing and storage of cord blood and provision of laboratory services.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Over-allotment Shares on the Stock Exchange.

Trading in the Shares on the Stock Exchange has been suspended since 13 June 2006. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 July 2006.

A circular containing, among other things, further details of the Formal Acquisition Agreement and Placing Agreement will be dispatched to the Shareholders as soon as practicable.

#### Terms and definitions

“6 July Announcement”	the announcement of the Company dated 6 July 2006 in relation to, among other things, the proposed acquisition of 57% equity interests in Lead Sun Investments Limited
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday) on which banks are generally open for business in Hong Kong
“Company”	INNOMAXX Biotechnology Group Limited, a company incorporated in the Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Completion Date”	the 3rd Business Day upon the conditions set out in Placing Agreement being fulfilled or such other date as the Company and the Placing Agent shall agree
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	12 June 2006, being the last trading day prior to the suspension of trading in the Shares
“Lead Sun Group”	Lead Sun Investments Limited, a company incorporated in the British Virgin Islands, and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Over-allotment Option”	the option granted by the Company to the Placing Agent to require the Company to issue the Over-allotment Shares pursuant to the Placing Agreement
“Over-allotment Shares”	up to 150,000,000 new Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option
“Placing”	the placing of Placing Shares and the Over-allotment Shares (where applicable) pursuant to the terms of the Placing Agreement
“Placing Agent”	Goldbond Securities Limited, a licensed corporation for Types 1 and 4 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 7 July 2006 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.40 per Placing Share
“Placing Shares”	an aggregate of up to 1,000,000,000 Shares to be placed pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China
“Shanxi Shenli”	山西神利航天鈦業有限公司 (Shanxi Shenli Aerospace Titanium Co., Ltd.), a Sino-foreign equity joint venture enterprise established in the PRC and a member of the Lead Sun Group
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**INNOMAXX Biotechnology Group Limited**  
**Luk Kin Peter Joseph**  
*Chief Executive Officer and Deputy Chairman*

Hong Kong, 10 July 2006

*As at the date of this announcement, the Board of the Company comprises Mr. Cai Yuan, Mr. Luk Kin Peter Joseph as executive Directors and Dr. Tang Tin Sek, Mr. Lee Kwan Hung and Mr. Poon Chiu Kwok as independent non-executive Directors.*