



## Edgar Filing: INNOVO GROUP INC - Form 8-K

a maturity date twelve months from the date of issuance. The convertible note is convertible at any time from the date of issuance into shares of our common stock at a price per share equal to 110% of the average of the closing price of our common stock for the five trading days immediately prior to the date of issuance, which for each purchaser results in a conversion price of \$1.53, \$1.41 and \$1.35, respectively. We will pay interest only payments until the maturity date of the convertible note, unless it is converted or prepaid. We have an option to make one prepayment of the note, in whole or in part, without penalty at any time after three months. However, in the event that we elect to prepay the convertible note, the purchaser may elect within 3 days to convert the note in accordance with its terms.

Each purchaser was also issued corresponding warrants to purchase shares of common stock. The number of shares that the purchaser will be eligible to purchase is equal to 12.5% of the aggregate amount of the convertible promissory note and the exercise price of the warrants on a per share basis is equal to 110% of the average of the closing price of our common stock for the five trading days immediately prior to the date of issuance of the warrant, which for each purchaser results in an exercise price of \$1.53, \$1.41 and \$1.35, respectively. The warrants expire five years from the date of issuance and are exercisable immediately. In connection with both the convertible notes and the warrants, we entered into a registration rights agreement with each of the purchasers.

Each purchaser represented to Innovo Group that they are an "Accredited Investor," as that term is defined in Rule 501(a) of Regulation D under the Securities Act. The convertible notes and warrants were offered and sold to each purchaser in reliance upon an exemption from registration under Rule 506 of Regulation D the Securities Act.

### Item 7. Exhibits

#### (c) Exhibits

Exhibit Number	Description
Exhibit 4.1	Form of Convertible Promissory Note
Exhibit 4.2	Form of Common Stock Purchase Warrant
Exhibit 4.3	Form of Registration Rights Agreement

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INNOVO GROUP INC.  
(Registrant)

Date: June 23, 2004

By: /s/ Samuel J. Furrow, Jr.  
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Samuel J. Furrow, Jr.  
Chief Executive Officer and Director  
(Principal Executive Officer)