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INNOCARE

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InnoCare Pharma Limited

諾誠健華醫藥有限公司

(A joint stock company incorporated in the Cayman Islands with limited liability)

(Stock Code: 09969)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

Financial adviser to the Company

**Goldman
Sachs**

THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 2 February 2021 (after trading hours), the Company and the Investors had entered into the two Subscription Agreements pursuant to which the Company has conditionally agreed to allot and issue and the Investors has conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 new Shares, representing approximately 16.33% of the existing total issued Shares of the Company as at the date of this announcement and approximately 14.04% of the total issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other Shares will be issued prior to the Completion), at the Subscription Price of HK\$14.45 per Subscription Share. The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$3,041.84 million and HK\$3,041.44 million, respectively.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the Completion Date.

GENERAL MANDATE AND LISTING APPROVAL

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the AGM. As of the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in, the Subscription Shares.

As Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company upon Completion in relation to additional information of the Subscription or pursuant to any applicable requirements under the Listing Rules as and when applicable.

THE SUBSCRIPTION AGREEMENT I

Summarised below are the principal terms of the Subscription Agreement I:

Date:	2 February 2021 (after trading hours)
Issuer:	the Company
Investor:	Investor I, being Gaoling and YHG
Subscription Shares:	191,613,000 Subscription Shares
Subscription Price:	HK\$14.45 per Subscription Share

Gaoling and YHG are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) serves as the sole investment manager of Gaoling and the general partner of YHG.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital’s investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of Gaoling and YHG and their respective beneficial owners are Independent Third Parties.

THE SUBSCRIPTION AGREEMENT II

Summarised below are the principal terms of the Subscription Agreement II:

Date:	2 February 2021 (after trading hours)
Issuer:	the Company
Investor:	Investor II, being Vivo Opportunity Fund, L.P.
Subscription Shares:	18,895,000 Subscription Shares
Subscription Price:	HK\$14.45 per Subscription Share

The Investor II is a limited partnership incorporated in Delaware principally engaging in investment activities.

As at the date of this announcement, Investor II is one of the controlled corporations of Vivo Capital LLC and Vivo Capital LLC (through its interest in a controlled corporation) is deemed to be interested in the 104,133,118 Shares in the Company, representing approximately 8.08% of the total issued Shares in the Company. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, save for the abovementioned relationship between the Company and Investor II, Investor II and its ultimate beneficial owners are Independent Third Parties.

Subscription Price

The Subscription Price is HK\$14.45 per Subscription Share and represents:

- (a) a premium of approximately 8.32% to the average closing price per Shares of HK\$13.34 for the five trading days immediately preceding the date of the Subscription Agreements (not including 2 February 2021); and
- (b) a discount of approximately 8.08% to the closing price of HK\$15.72 per Share as quoted on the Stock Exchange on 2 February 2021 being the date of the Subscription Agreements.

The aggregate consideration for the Subscription Shares is HK\$3,041.84 million and will be payable by the Investors at Completion.

The Subscription Price has been negotiated and arrived at on an arm's length basis and by reference to the current market conditions. The Directors are of the opinion that the Subscription Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

The Subscription

The Subscription Shares are new Shares with nominal value of US\$0.000002 each in the share capital of the Company.

Under the Subscription Agreements, the Company has conditionally agreed to allot and issue and the Investors have conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 new Shares, representing approximately 16.33% of the existing total issued Shares of the Company as at the date of this announcement and approximately 14.04% of the total issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other Shares will be issued prior to the Completion), at the Subscription Price of HK\$14.45 per Subscription Share. The aggregate nominal value of the Subscription Shares under the Subscription will be US\$421.02.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the Completion Date, including the right to receive all dividends and other distributions declared and made after the Completion Date.

Lock-up

Each of the Investors covenants with and undertakes to the Company that it will not, and will procure that its nominee (where applicable) will not, whether directly or indirectly, at any time during the period of 365 days following (but excluding) the Completion Date, dispose of any of the Relevant Shares or any interest in any company or entity holding any of the Relevant Shares without the prior written consent of the Company.

Conditions

Completion shall take place at 11:00 a.m. on the Completion Date (or such other time and/or date as each of the Investors and the Company may agree in writing) subject to fulfilment of the following conditions:

- (a) for and in relation to Subscription Agreement II, the approval of the investment committee of Investor II in connection with the Subscription being obtained in accordance with the organization documents of Investor II and applicable laws and regulations and remaining in full force and effect on the Completion Date;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares;
- (c) for and in relation to Subscription Agreement I, the Board having sufficient capability to approve the allotment and issue of the Subscription Shares without further shareholders' approval of the Company pursuant to a general mandate granted to the Board by the Shareholders in accordance with the Listing Rules;
- (d) the warranties of the Company set out in the Subscription Agreements remaining true and accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date and the undertakings of the Company thereunder to be performed at or prior to the Completion Date having been performed as of or prior to the Completion Date; and
- (e) the warranties of each of the Investors set out in the Subscription Agreements remaining true and accurate and not misleading in all material respects as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date and the undertakings of each of the Investors thereunder to be performed at or prior to the Completion Date having been performed as of or prior to the Completion Date.

Each of the Investors may, in its absolute discretion, waive the above condition (d), and Investor I may waive the above condition (c), to any extent at any time by notice in writing served on the Company. The Company may, in its absolute discretion, waive the above condition (e) to any extent at any time by notice in writing served on each of the Investors.

Long-Stop Date

If any of the above conditions shall, as of 26 February 2021 (being the Long-Stop Date), not have been satisfied or as the case may be, waived, the Subscription Agreements shall become null and void and of no effect, except for the liability of the Company or each of the Investors in respect of any antecedent breach of the Subscription Agreements.

Termination

The Subscription Agreements may be terminated:

- (a) by the Company for Subscription Agreement I if any of the above conditions (a) or (e) has not been fulfilled; and for Subscription Agreement II, if condition (e) has not been fulfilled, on or before the Long-Stop Date;
- (b) by each of the Investors for Subscription Agreement I if any of the above conditions (b) to (d) has not been fulfilled; and for Subscription Agreement II, if any of the conditions (b) or (c) has not been fulfilled, on or before the Long-Stop Date;
- (c) by the Company if payment of the Subscription Monies is not received or settled in the time and manner stipulated in the Subscription Agreements;
- (d) by each of the Investors if the Company fails to allot and issue the Subscription Shares or deliver the relevant share certificates to each of the Investors in accordance with the Subscription Agreements;
- (e) by the Company in the event there is a material breach of the Subscription Agreements on the part of each of the Investors;
- (f) by each of the Investors in the event there is a material breach of the Subscription Agreements on the part of the Company; or
- (g) with the written consents of the Company and each of the Investors.

Other Provisions

The Subscription Agreements also contain provisions such as representations and warranties which are usual and customary for a transaction of this nature and scale.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND CORPORATE APPROVALS

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the AGM. Under this General Mandate, the Board is allowed to allot and issue up to 257,833,047 Shares. As of the date of this announcement, no Shares have been allotted and issued pursuant to the aforesaid General Mandate and therefore, the Company is allowed to issue up to 257,833,047 Shares under such General Mandate. Accordingly, the issue of the Subscription Shares is not subject to any further approval by the Shareholders. All necessary corporate approvals, being the General Mandate and relevant Board approval in relation to the issue of the Subscription Shares have been obtained.

REASONS FOR THE ISSUE OF THE SUBSCRIPTION SHARES AND USE OF PROCEEDS FROM THE ISSUE OF THE SUBSCRIPTION SHARES

The Company is a clinical stage biopharmaceutical company committed to discovering, developing and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancer and autoimmune diseases. Led by a well-known management team of seasoned industry executives, the Company has built a biopharmaceutical platform with strong in-house R&D capabilities.

The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$3,041.84 million and HK\$3,041.44 million, respectively. The Company intends to use the net proceeds to (i) expand and accelerate ongoing and planned clinical trials in domestic and international regions; (ii) retain and recruiting domestic and international talents to strengthen the Group's capabilities in discovery, clinical, business development and commercialization functions; (iii) expand commercial team to ensure successful launches of orelabrutinib and subsequent products; (iv) expand and accelerate internal discovery stage programs including the multiple IND-enabling stage candidates in our pipeline; (v) reserve fund for any potential external collaboration and in-licensing opportunities; and (vi) to use as working capital and other general corporate purpose.

The Directors are of the opinion that the terms of the Subscription Agreements, including but not limited to the Subscription Price, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the initial public offering of the Shares of the Company on the Stock Exchange in March 2020, during the past 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity. Reference is made to the section headed "Future Plans and Use of Proceeds" in the prospectus dated 11 March 2020 in relation to the global offering of the Company. There is no change in the use and intended use of proceeds from the global offering as described in the prospectus.

EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,289,165,235 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and Completion:

Name of Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of shares	Approximate % of shareholding to total shares in issue	Number of shares	Approximate % of shareholding to total shares in issue
TMF (Cayman) Ltd. ⁽¹⁾	136,509,788	10.59%	136,509,788	9.10%
GIC Private Limited ⁽²⁾	119,404,645	9.26%	119,404,645	7.96%
Vivo Capital LLC⁽³⁾	104,133,118	8.08%	123,028,118	8.20%
LVC Entities ⁽⁴⁾	124,727,447	9.68%	124,727,447	8.32%
Mr. Hebert Pang Kee Chan ⁽⁵⁾	161,444,332	12.52%	161,444,332	10.77%
Dr. Jisong Cui ⁽⁶⁾	105,129,916	8.15%	105,129,916	7.01%
Dr. Renbin Zhao ⁽⁷⁾	147,574,893	11.45%	147,574,893	9.84%
Investor I	—	—	191,613,000	12.77%
– Gaoling	—	—	-184,815,000	-12.32%
– YHG	—	—	-6,798,000	-0.45%
Other Shareholders	452,786,386	35.12%	452,786,386	30.19%
Total Shares in issue	1,289,165,235		1,499,673,235	

Notes:

- (1) Golden Autumn Group Limited held 74,161,525 Shares and Strausberg Group Limited held 62,348,263 Shares. Each of Golden Autumn Group Limited and Strausberg Group Limited is a special purpose vehicle managed by the trustee of Lakeview Trust and Summit Trust, TMF (Cayman) Ltd., incorporated for the purpose of holding Shares pursuant to the Pre-IPO Incentivisation Plans. As such, under the SFO, each of Lakeview Trust and Summit Trust (through their interest in controlled corporation) and TMF (Cayman) Ltd. (through capacity as trustee), are deemed to be interested in 74,161,525, 62,348,263 and 136,509,788 Shares, respectively.
- (2) Highbury Investment Pte Ltd directly held 56,859,355 Shares. For the purpose of the SFO, Highbury Investment Pte Ltd is also deemed to have an interest in 45,487,484 Shares held by Loyal Valley Capital Advantage Fund II LP and 17,057,806 Shares held by LVC Lion Fund LP as a limited partner with over one-third limited partnership interests in both Loyal Capital Advantage Fund II LP and LVC Lion Fund LP, respectively. To the best knowledge of the Company, Highbury Investment Pte Ltd is a private limited company incorporated in Singapore owned by GIC (Ventures) Private Limited and managed by GIC Special Investments Private Limited, which in turn is wholly-owned by GIC Private Limited. As such, under the SFO, each of GIC (Ventures) Private Limited, GIC Special Investments Private Limited and GIC Private Limited (through their interest in a controlled corporation) is deemed to be interested in the 119,404,645 Shares which Highbury Investment Pte Ltd has an interest in.

- (3) Vivo Capital Fund VIII, L.P. held 82,387,339 Shares, and Vivo Capital Surplus Fund VIII, L.P. held 11,376,779 Shares. Vivo Capital Fund IX, L.P. held 1,891,627 Shares. Vivo Opportunity Fund, L.P. held 8,477,373 Shares. Vivo Capital VIII, LLC is the general partner of each of Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P., Vivo Capital IX, LLC is the general partner of Vivo Capital Fund IX, L.P., and Vivo Opportunity, LLC is the general partner of Vivo Opportunity Fund, L.P. Vivo Capital Fund VIII, L.P., Vivo Capital Surplus Fund VIII, L.P., Vivo Capital Fund IX, L.P. and Vivo Opportunity Fund, L.P. (collectively, the “**Vivo Funds**”) held an aggregate of 104,133,118 Shares. To the best knowledge of the Company, each of Vivo Funds is controlled by its management company, Vivo Capital LLC. As such, under the SFO, Vivo Capital LLC is deemed to be interested in the 104,133,118 Shares collectively held by Vivo Funds.

Upon Completion, Vivo Opportunity Fund, L.P. will hold an aggregate of 27,372,373 Shares. Vivo Capital LLC is deemed to be interested in an aggregate of 123,028,118 Shares collectively held by Vivo Funds.

- (4) The LVC Entities directly and collectively held 120,911,447 Shares. Golden Valley Global Limited is a close associate of the LVC Entities, which held 3,816,000 Shares. For the purpose of the SFO, (i) Prosperous Wealth Global Limited is deemed to have an interest in 58,366,157 Shares held by Loyal Valley Capital Advantage Fund LP as a limited partner with over one-third limited partnership interests; (ii) as the general partner of Loyal Valley Capital Advantage Fund LP, Loyal Valley Capital Advantage Fund Limited is deemed to have an interest in 58,366,157 Shares; (iii) as the general partner of Loyal Valley Capital Advantage Fund II LP, Loyal Valley Capital Advantage Fund II Limited is deemed to have an interest in 45,487,484 Shares; and (iv) as the general partner of LVC Lion Fund Limited, LVC Lion Fund Limited is deemed to have an interest in 17,057,806 Shares (through their interest in a controlled corporation). To the best knowledge of the Company, each of the general partners is in turn controlled by LVC Holdings Limited, which is in turn held by LVC Innovate Limited, which is in turn controlled by Jovial Champion Investments Limited. The Lin Family Trust through its trustee, Vistra Trust (Singapore) Pte. Limited, controls Jovial Champion Investments Limited. The LVC Entities are ultimately controlled by Mr. Lijun Lin, one of our Non-executive Directors, through the Lin Family Trust. As such, under the SFO, each of LVC Holdings Limited, LVC Innovate Limited, Jovial Champion Investments Limited and The Lin Family Trust (through their interest in a controlled corporation), Vistra Trust (Singapore) Pte. Limited (through capacity as trustee) and Mr. Lijun Lin (through his interest in a controlled corporation) is deemed to be interested in the 124,727,447 Shares Pte. collectively held by the LVC Entities.
- (5) Mr. Hebert Pang Kee Chan indirectly held 161,444,332 Shares consisting of 55,500,000 Shares held through Success Growth Limited, 104,807,145 Shares held through King Bridge Investments Limited and 1,137,187 Shares held through Sun Bridge Holdings Limited. Success Growth Limited directly held 55,500,000 Shares. To the best knowledge of the Company, Success Growth Limited and King Bridge Investments Limited is directly and wholly owned by Mr. Hebert Pang Kee Chan, and Mr. Hebert Pang Kee Chan holds Sun Bridge Holdings Limited indirectly through Golden Sage Investments Limited.
- (6) Includes (1) 85,129,916 Shares indirectly held by Dr. Jisong Cui through Sunland BioMed Ltd as beneficial owner and (2) 20,000,000 Shares directly held by Dr. Jisong Cui.
- (7) Includes (1) 100,260,375 Shares indirectly held by Dr. Renbin Zhao through Sunny View Holdings Limited as beneficial owner, (2) deemed interest in 27,778,300 Shares held through Wellesley Hill Holdings Limited which in turn is owned by Dr. Renbin Zhao’s children whom are under 18 years of age and (3) 19,536,218 Shares directly held by Dr. Renbin Zhao.

LISTING APPROVAL

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in the Subscription Shares on the Stock Exchange.

As Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company upon Completion in relation to additional information of the Subscription or pursuant to any applicable requirements under the Listing Rules as and when applicable.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 20 June 2020
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong and the PRC
“Company”	InnoCare Pharma Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 November 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Completion”	separate completion of the relevant part of the Subscription in accordance with the respective Subscription Agreements
“Completion Date”	the date which is on or (if so agreed by the parties) before the fifth Business Day after (and excluding) the date upon which the last of the conditions to the Subscription set out in (a) and (b) under the paragraph headed “Conditions” above is satisfied, or such other date as may be agreed in writing by the Company and each of the Investors
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	Director(s) of the Company
“Gaoling”	Gaoling Fund L.P., a limited partnership incorporated in Cayman Islands
“General Mandate”	the general mandate granted at the AGM by the Shareholders to the Board to allot and issue new Shares not exceeding 257,833,047 Shares
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“HK\$” or “Hong Kong dollars”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor I”	Gaoling and YHG
“Investor II”	Vivo Opportunity Fund, L.P., a limited partnership incorporated in Delaware
“Investors”	collectively, Investor I and Investor II
“Listing Committee”	The Listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	26 February 2021
“PRC”	the People’s Republic of China, but for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
Share(s)”	ordinary share(s) with a nominal value of US\$0.000002 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Investors for the Subscription Shares on and subject to the terms and conditions set out in the Subscription Agreements
“Subscription Agreement I”	the subscription agreement dated 2 February 2021 entered into between the Company and the Investor I

“Subscription Agreement II”	the subscription agreement dated 2 February 2021 entered into between the Company and the Investor II
“Subscription Agreements”	collectively, the Subscription Agreement I and the Subscription Agreement II
“Subscription Monies”	such sum as is the aggregate of the Subscription Price multiplied by the number of Subscription Shares
“Subscription Price”	HK\$14.45 per Subscription Share
“Subscription Shares”	210,508,000 new Shares of the Company to be subscribed by the Investors under the Subscription
“YHG”	YHG Investment L.P., a limited partnership incorporated in Cayman Islands
“%”	percentage

By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and executive Director

Hong Kong, 3 February 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Jisong Cui as Chairperson and executive Director, Dr. Renbin Zhao as executive Director, Dr. Yigong Shi, Mr. Quanhong Yuan, Mr. Shan Fu and Mr. Lijun Lin as non-executive Directors, and Dr. Zemin Zhang, Ms. Lan Hu and Dr. Kaixian Chen as independent non-executive Directors.