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I N N O C A R E

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InnoCare Pharma Limited

諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9969)

**PROPOSED ISSUE OF RMB SHARES;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
CLOSURE PERIOD OF REGISTER OF MEMBERS**

PROPOSED RMB SHARE ISSUE UNDER SPECIFIC MANDATE

The Company is pleased to announce that on May 26, 2021, the Board further approved the proposed RMB Share Issue, the Specific Mandate and related matters, conditional upon and subject to, among other things, market conditions, the approval by Shareholders at the EGM and the necessary Regulatory Approval(s).

SHAREHOLDERS' APPROVAL

The Company will convene the EGM to propose the resolutions for consideration and approval of, among other things, the RMB Share Issue, the Specific Mandate and related matters (including proposed amendments to the Articles of Association), by the Shareholders. A circular of the EGM containing, among other things, details on the aforesaid resolutions, together with the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

The RMB Share Issue and the Specific Mandate are subject to, among other things, approval by Shareholders at the EGM and the necessary Regulatory Approvals and thus may or may not proceed. Shareholders and potential investors of the Company should be aware that there is no assurance that the RMB Share Issue will materialise or as to when it may materialise. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made to disclose any material updates and developments in respect of the proposed RMB Share Issue and the Specific Mandate in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Reference is made to the announcement of the Company dated March 11, 2021 whereby the Company announced that the Board has approved a preliminary proposal for the possible issue of RMB Shares and listing on the STAR Market.

The Company is pleased to announce that on May 26, 2021, the Board further approved the proposed RMB Share Issue, the Specific Mandate and related matters, conditional upon and subject to, among other things, market conditions, the approval by Shareholders at the EGM and the necessary Regulatory Approval(s).

PROPOSED RMB SHARE ISSUE AND THE SPECIFIC MANDATE

RMB Share Issue and the Specific Mandate

Details of the proposed RMB Share Issue are set out as follows:

- (a) Class of RMB Shares : Ordinary shares to be subscribed for in RMB by the target subscribers (as stated below), to be listed on the STAR Market and traded in RMB. The RMB Shares and the Hong Kong Shares are of the same class.
- (b) Status of RMB Shares : The RMB Shares will rank *pari passu* with the existing Hong Kong Shares which are listed on the Hong Kong Stock Exchange with the same par value (US\$0.000002 each) and the same rights to voting, dividend and return of assets.
- (c) Number of RMB Shares to be issued : The RMB Share Issue only involves issue of new Shares, and will not involve sale of Shares by existing shareholders. The Company proposes to initially issue not more than 264,650,000 RMB Shares, representing approximately 17.65% of the share capital of the Company as of the date of this announcement, and approximately 15% of the enlarged share capital upon completion of the RMB Share Issue. The Company and lead underwriter can exercise Over-Allotment Option to over-allot Shares up to 15% of the initial size of the issue.

- (d) Target subscribers : Target subscribers of the issue are qualified offline investors, as well as natural persons, legal persons, other investors (except persons prohibited by PRC laws and regulations, rules and regulatory requirements) and such other target subscribers meeting relevant requirements of the CSRC, who maintain stock accounts with the SSE.
- If any of the target subscribers are connected persons of the Company, the Company will take reasonable measure to comply with the requirements of relevant regulatory authorities.
- (e) Method of issuance : The Company will adopt a combination of offline investors inquiry placing and online application for purchasing RMB Shares according to the market value, or such other methods of issuance as approved by the SSE or the CSRC (including but not limited to placing to strategic investors).
- (f) Method of pricing : The price for the issue will be determined by the Company and the sponsor (lead underwriter) based on the results of preliminary offline investor price inquiry upon negotiation, or other means as approved by CSRC or the SSE.
- (g) Sponsor and lead underwriter: : China International Capital Corporation Limited.
- (h) Method of underwriting : The method of underwriting for the issue will be standby underwriting.
- (i) Use of proceeds : The proceeds raised from the RMB Share Issue after deducting the issuance expenses will be used for innovative drugs R&D project, upgrade of drugs R&D platform, construction of marketing and sales network, construction of IT system and replenishment of cash flow. For further details, please refer to the section headed “Proposed use of proceeds from the RMB Share Issue” in this announcement.
- (j) Distribution plan of accumulated profits before the issuance : The undistributed profits (accumulated losses) accumulated before the issue will be shared and borne by existing and new shareholders on pro rata basis after the issue.
- (k) Place and board of listing of RMB Shares : The place and board of listing will be SSE and STAR Market respectively.
- (l) Share registers : The RMB Shares will be registered on a separate register of members kept in the PRC (the “**PRC Register**”) and managed by CSDC, the share registrar of the RMB Shares for the Company. The RMB Shares will not be registered on the existing register of members of the Company maintained in Hong Kong (the “**Hong Kong Register**”).

The Hong Kong Register will continue to be kept in Hong Kong and will not include the details of the holders of RMB Shares.

Computershare Hong Kong Investor Services Limited will continue to serve as the Hong Kong share registrar for the Hong Kong Shares traded on the Hong Kong Stock Exchange.

Due to current PRC legal restrictions, no movement of Shares will be allowed between the Hong Kong Register and the PRC Register.

The RMB Shares will not be able to be moved outside of the PRC for trading in Hong Kong or to the Hong Kong Register.

- (m) Share depositories : The RMB Shares will be deposited with CSDC.
- The Hong Kong Securities Clearing Company Limited (or its nominee or appointee) will continue to serve as the depository of the Hong Kong Shares traded on the Hong Kong Stock Exchange.
- (n) Non-fungibility between the RMB Shares and the Hong Kong Shares : The RMB Shares and the Hong Kong Shares will not be fungible.
- (o) Strategic allotment : According to the requirements of business cooperation and financing scale, the Company may implement strategic allotment under the issue so as to allot some of the shares to investors that satisfy the requirements of the laws and regulations and development strategies of the Company. The detailed proportion and targets of allotment will be determined by the Board or its authorized person under the authorization of the general meeting based on the requirements of the laws and regulations and market conditions.
- (p) Timing of the issue : The RMB Share Issue will be conducted upon the approval of the SSE and registration at the CSRC. The specific issue date shall be determined by the Board and its authorized person under the authorization of the general meeting upon the approval of the SSE and registration at the CSRC.
- (q) Valid period of the resolutions : The resolution on the issue will be valid for 12 months from the date of approval at the general meeting.

The proposed valid period of the resolutions is consistent with (i) the annual general mandate customarily granted by the Shareholders to the Company and (ii) the approach of other listed issuers seeking a PRC listing. Therefore, the Board considers that it is necessary, fair and reasonable and in the interest of the Company and its shareholders as a whole to propose the said valid period.

The issue of the RMB Shares pursuant to the RMB Share Issue is conditional upon: (1) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM; and (2) the necessary Regulatory Approval(s) for the RMB Share Issue having been obtained.

The Board may or may not proceed with the RMB Share Issue, depending on a number of factors nearer the time it is making a formal application for listing or, even after the application for listing is made. Such factors would include regulatory requirements, market conditions, the expected offer price of the RMB Shares, the fulfilment of the conditions precedent to the RMB Share Issue as set out above, the Company's actual capital needs and development strategies at the relevant time. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

After the RMB Share Issue and the listing of RMB Shares on the STAR Market, subject to the Articles of Association and exemptions from competent authorities, the Company will need to comply with laws, rules and regulations in the PRC including but not limited to Securities Law of the People's Republic of China (《中華人民共和國證券法》) (“**PRC Securities Law**”), the STAR Market Listing Rules and other applicable securities laws of the PRC, the Administrative Measures on Registration of Initial Public Offering of Shares on STAR Market (Trial Implementation) (《科创板首次公開發行股票註冊管理辦法(試行)》), the Measures on Ongoing Supervision over the Innovative Enterprises after Issuance of Shares or Depositary Receipts (Trial Implementation) (《創新企業境內發行股票或存託憑證上市後持續監管實施辦法(試行)》) and Opinions on the Pilot Programs of Innovative Enterprises Issuing Stocks or Depositary Receipts in China (《關於開展創新企業境內發行股票或存託憑證試點若干意見》) by the CSRC.

Proposed authorisation to the Board and its authorized person to exercise full powers to deal with matters relating to the RMB Share Issue

It is proposed that, authorisation will be granted to the Board and its authorised persons, namely Jisong Cui and Renbin Zhao, to exercise full powers to deal with all matters regarding the issue and listing, including but not limited to:

- (1) Within the scope of the issue and listing plan as considered and approved by the general meeting, pursuant to PRC laws and regulations and the provisions of the securities supervision and administration institution concerned and the SSE, the Board and its authorised person shall have the full powers to adjust and implement the listing plan. On the basis of throughout negotiation with the sponsor (the lead underwriter), the specific matters related to the issue and listing will be determined, including but not limited to the specific matters such as the time, quantity, structure, object, method, pricing method, issue price (including price range and final pricing), place of listing, quantity, proportion and object of strategic placement and other matters related to the issue and listing; approving the payment of necessary listing fees; through the listing cost estimation, release the announcement and pre disclosure documents related to the issue and listing;

- (2) To handle the declaration of the issue and listing, including but not limited to the application, examination and approval, registration, filing, approval, consent, registration and other procedures with the relevant government authorities, regulatory agencies, stock exchanges and securities registration and settlement institutions for the issue and listing; To draft, modify, approve, sign, submit, publish, execute, modify and complete any application, report, statement, commitment, confirmation, agreement, contract or necessary documents (including but not limited to the letter of intent, prospectus, other declaration documents, recommendation agreement, underwriting agreement, listing agreement, strategic investment agreement, placement agreement, relevant announcement, shareholders' notice, related party (or connected) transaction agreement and intermediary service agreement), and take all other necessary, proper or appropriate actions related to the issue and listing and the investment project for raising funds according to the opinions of relevant government authorities or the actual application, so as to complete the issue and listing;
- (3) To draft, modify, approve and sign the service agreement or employment agreement between the Company and the directors or senior management;
- (4) According to the implementation of the plan, market conditions, policy adjustments and the opinions of the regulatory authorities, the specific terms of the plan and the investment projects funded by proceeds raised shall be adjusted, and the investment schedule of the investment projects funded by proceeds raised shall be determined; to approve and execute the major contracts in the course of the investment project funded by proceeds raised;
- (5) To make relevant commitments, statements and confirmations in accordance with PRC laws and regulations, relevant provisions of the securities supervision and administration institution and the actual needs of the issue and listing;
- (6) To amend relevant systems, commitments, reports, plans and other documents approved by the board of directors in accordance with PRC laws and regulations, relevant provisions of the securities supervision and administration institution and the actual needs of the issue and listing;
- (7) Determine the special account for the deposit of proceeds raised before the issue as required;
- (8) After the completion of the issue, the Company shall, in accordance with the law of the Caymans Islands, handle the approval, alteration and filing of the articles of association applicable after listing with the company registration authority and other relevant government departments;
- (9) To engage and appoint relevant intermediaries for the issue and listing, determine their service fees, and execute engagement and appointment agreements;
- (10) To handle the matters related to the issue and the listing on the SSE upon the completion of the issue, including but not limited to making information disclosures according to relevant laws and regulations as well as the rules and regulations of the SSE;
- (11) To authorize the Board of the Company to deal with other matters not listed above but considered by the Board to be related to the issue, including authorizing directors to handle specific matters or persons designated by directors. The Board and relevant authorised persons are authorised to use the Company's seal in the course of the issue.

The authorisation shall be valid for 12 months from the date of consideration and approval at the EGM.

Proposed plan for distribution of profits accumulated before the RMB Share Issue

It is proposed that, the profits (accumulated uncovered losses) accumulated before the RMB Share Issue will be shared (and borne) by existing and new registered shareholders on pro rata basis after the RMB Share Issue.

Proposed plan for stabilization of the price of the RMB Shares for the three years after the RMB Share Issue

The Company has formulated the Plan for Stabilization of the Price of the RMB Shares for the Three Years After the RMB Share Issue in accordance with relevant laws, regulations and regulatory documents. For details, please refer to the circular of the Company to be dispatched in due course.

Proposed dividend return plan for the coming three years after the RMB Share Issue

The Company has formulated the dividend return plan for the coming three years after the RMB Share Issue in accordance with relevant laws, regulations and regulatory documents as well as applicable articles of the Articles of Association after the listing. For details, please refer to the circular of the Company to be dispatched in due course.

Proposed use of proceeds from the RMB Share Issue

According to the Company's production and operation needs, the proceeds raised by the Company from the RMB Share Issue will be used for the following projects after deducting the issuance expenses:

No.	Project name	Proposed investment amount from proceeds raised (RMB)
1	Innovative drugs R&D project	2,150,874,000
2	Upgrade of drugs R&D platform	167,188,700
3	Construction of marketing and sales network	394,198,800
4	Construction of IT system	87,738,500
5	Replenishment of cash flow	1,200,000,000
Total		4,000,000,000

Note: The final name of the above project shall be subject to the name approved or filed by the related government department (if necessary).

The proceeds raised will be used for innovative drugs R&D project, upgrade of drugs R&D platform, construction of marketing and sales network, construction of IT system and replenishment of cash flow, aiming for the development of the Company's principal business and core technology.

The innovative drugs R&D project is based on the Company's broad pipeline of clinical stage drug candidates with further drug candidates in preclinical testing. Aimed at addressing the unmet medical needs both domestically and globally, the Company continues to advance both small molecule and biologic drug candidates in preclinical and clinical stage. Currently, there are 5 drug candidates in clinical stage and more than 6 drug candidates in IND enabling stage, which are expected to submit IND by 2022.

The upgrade of drugs R&D platform is based on the needs of the Company's product pipeline under research. In order to ensure the successful implementation of the Company's R&D plan, the project intends to renovate the Company's existing R&D laboratory and purchase advanced R&D test equipment to achieve the upgrade of R&D platforms for small molecules and biologic therapies. The project is continuing to advance.

The construction of marketing and sales network is in response to the market expansion of the current listed drug and the future commercialization of the pipeline of products under research. The Company plans to integrate, expand and strengthen its marketing and sales network. The project is continuing to advance.

The construction of IT system is based on the Company's development strategy. Through informatization construction, the Company can realize the digital operation of enterprise management, drug research and development, and drug production. The project is continuing to advance.

As for the replenishment of cash flow, the Company plans to use RMB1,200 million of the proceeds raised from this issuance to supplement working capital to optimize the Company's capital structure and meet the capital needs, taking into account both the industry development trends and the Company's actual situation, financial status and business development.

After the proceeds raised from the RMB Share Issue are in place, the Company will invest the proceeds into the above projects according to the actual needs and priorities of the projects. If the total investment amount of the projects exceeds the amount of proceeds raised from this issuance, the excess amount shall be settled by the Company with its own funds or self-raised funds. If the net proceeds actually raised (after deducting the issuance expenses) are less than the total amount of proceeds to be invested, the shortfall shall be covered by the Company with its own funds or self-raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the projects, the surplus amount will, after ensuring strict compliance with relevant laws and regulations and the Company's own protocol, be used for other purposes, such as repayment of bank loans (if applicable) and acquisition of drug development related assets, which relate to the Company's principal business.

Before the proceeds raised from the RMB Share Issue are in place, the Company may make an initial investment with its own funds or self-raised funds according to the needs of the projects, and after the proceeds raised are in place, the Company can replace the initial investment funds according to the requirements and procedures of the relevant laws, regulations and regulatory documents. Within the scope of the finally determined investment projects to be funded by proceeds raised from the RMB Share Issue, the Board of Directors may, according to the actual needs of the project, make appropriate adjustments to the sequence and amount of the proceeds to be invested in the above projects.

The Board of Directors has conducted sufficient analysis on the feasibility of the investment projects to be funded by the proceeds raised from the RMB Share Issue, and in its opinions, the investment projects to be funded by the proceeds raised from this issuance are feasible.

The Board of Directors believes that such projects are in line with the national strategy and related industrial policies to encourage the development of healthcare industries, especially the innovative drugs. The rapid growth of the tumor and immune system disease drug market provides marketability and opportunities to investment returns for the projects. Further, the clinical trials that the Company continues to advance have either (i) received external clinical trial approval from the authority or (ii) received internal project approval. The Company's comprehensive R&D system and solid technical foundation, excellent commercialization team and promotion system, and relevant experience of the information technology team provide a strong foundation for the implementation of the projects. Therefore, the Board of Directors considers that such projects are feasible.

Proposed remedial measures for the dilution of immediate returns after the RMB Share Issue and commitments of relevant responsible entities

For the purpose of the issue and listing, the Company has formulated the Remedial Measures for the Dilution of Immediate Returns After the RMB Share Issue and made relevant commitments in accordance with relevant laws, regulations and regulatory documents. For details, please refer to the circular of the Company to be dispatched in due course.

Undertakings and the corresponding binding measures in connection with the RMB Share Issue

To better protect the interests of the Shareholders, the Company will provide undertakings to be set out in the listing documents with respect to the RMB Share Issue and propose corresponding binding measures in the event of failure to perform the relevant undertakings in accordance with applicable laws, regulations and regulatory requirements, including the requirements of the securities regulatory authorities and other relevant authorities. For details, please refer to the circular of the Company to be dispatched in due course. Such undertakings will take effect upon the listing of the RMB Shares on the STAR Market.

Proposed amendments to the Articles of Association

A special resolution will be proposed at the EGM to approve, subject to and conditional upon the approval of the RMB Share Issue and the Specific Mandate as described in the above section headed “RMB Share Issue and the Specific Mandate” in this announcement, the amendments to the Articles of Association (the “**Proposed Amendments**”) and the adoption of the amended and restated Articles of Association incorporating the Proposed Amendments.

Based on the reasons set out below and taking into account the actual circumstances of the Company, it is proposed that amendments be made to the Articles of Association as follows:

- (1) to cater for the RMB Shares to be issued, provisions relating to the issuance, listing, deposit, transfer and other matters relating to the RMB Shares are proposed to be added;
- (2) to satisfy the relevant requirements under the STAR Market Listing Rules that the overall level of investor protection offered by the Company should not be lower than what is required under the laws and regulations of the PRC, provisions relating to the respective authorities and duties of the Board and the general meetings of the Company, Shareholders’ rights to convene general meetings and nominate candidates for election as Directors, the scope of matters to be approved by special resolutions at general meetings and other matters are proposed to be added or amended; and
- (3) to reflect the Company’s latest corporate information and provisions relating thereto are proposed to be updated.

After the approval of the Proposed Amendments, the adoption of the amended and restated Articles of Association will take effect upon the listing of the RMB Shares on the STAR Market. Prior to that, the Articles of Association currently in force shall apply. Relevant details of the Proposed Amendments will be set out in the Company’s circular to be despatched in due course.

Proposed adoption of policy governing the procedures for the holding of general meetings

To satisfy the relevant requirements of laws, regulations and regulatory requirements in respect of the RMB Share Issue, including the STAR Market Listing Rules, a policy governing the procedures for the holding of general meetings of the Company is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the STAR Market. Relevant details will be set out in the Company’s circular to be despatched in due course.

Proposed adoption of policy governing the procedures for the holding of board meetings

To satisfy the relevant requirements of laws, regulations and regulatory requirements in respect of the RMB Share Issue, including the STAR Market Listing Rules, a policy governing the procedures for the holding of Board meetings is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the STAR Market. Relevant details will be set out in the Company’s circular to be despatched in due course.

OTHER INFORMATION RELATED TO THE RMB SHARE ISSUE

(i) Impact of the RMB Share Issue on the shareholding structure of the Company

For reference and illustration purposes only, assuming that the initial issue size is 264,650,000 RMB Shares and the Over-Allotment Option is 15% of the initial issue size (i.e. 39,697,500 RMB Shares) which in aggregate amounts to the maximum number of 304,347,500 RMB Shares which could be issued pursuant to the RMB Share Issue, and all are issued to public and there are no changes in the share capital of the Company after March 31, 2021 and prior to the completion of the RMB Share Issue, the shareholding structure of the Company as at March 31, 2021 and immediately after the completion of the RMB Share Issue are set out as follows:

	As at March 31, 2021		Immediately after the completion of the RMB Share Issue (assuming the initial issue size is 264,650,000 RMB Shares and no Over – Allotment Option is exercised)		Immediately after the completion of the RMB Share Issue (assuming the initial issue size is 264,650,000 RMB Shares and the Over – Allotment Option of 15% of the initial issue size is exercised in full)	
	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>
RMB Shares to be issued under the proposed RMB Share Issue	–	–	264,650,000	15.00%	304,347,500	16.87%
Hong Kong Shares						
Core connected persons	621,170,919	41.42%	621,170,919	35.21%	621,170,919	34.43%
Public	878,502,316	58.58%	878,502,316	49.79%	878,502,316	48.70%
Total:	1,499,673,235	100%	1,764,323,235	100%	1,804,020,732	100%

As at March 31, 2021, according to the information publicly available to the Company, the public held no less than approximately 58.58% of the Shares issued by the Company. Assuming that the issue of all the 304,347,500 RMB Shares under the RMB Share Issue is approved and all are issued to persons who are not connected persons of the Company, the percentage of RMB Shares held by the public with respect to the total number of Shares after the issuance is expected to be approximately 16.87%, the percentage of Hong Kong Shares held by the public with respect to the total number of Shares after the issuance is expected to be approximately 48.70% and the percentage of Shares (both RMB Shares and Hong Kong Shares in aggregate) held by the public with respect to the total number of Shares after the issuance is expected to be approximately 65.57%.

As at the date of this announcement, the Company has not entered or proposed to enter into any agreement in relation to subscription of RMB Shares with any connected persons of the Company.

(ii) Use of proceeds from initial public listing

As at April 30, 2021, the actual use of proceeds from the Company's initial public listing is HKD569.64 million, approximately 23.58% of the IPO proceeds. The Company intends to use the net proceeds in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the Hong Kong Prospectus.

	Use of proceeds as stated in The Hong Kong Prospectus <i>(in HKD' 000)</i> <i>(approximate)</i>	Actual use of proceeds up to April 30, 2021 <i>(in HKD' 000)</i> <i>(approximate)</i>	Net proceeds unutilized as of April 30, 2021 <i>(in HKD' 000)</i> <i>(approximate)</i>	Expected timeline for usage of proceeds
50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of Orelabrutinib concurrently in both China and the U.S.	1,207,835	287,254	920,581	
25% for our two clinical stage product candidates, ICP-192 and ICP-105	603,917.5	33,968	569,949.5	All remaining proceeds are expected to be fully utilized by the second half of 2023
15% for the R&D of the six IND-enabling stage candidates in our pipeline and the R&D and in-licensing of new drug candidates through pursuit of strategic collaborations	362,350.5	115,739	246,611.5	
10% for working capital and general corporate purposes	241,567	132,674	108,893	
	<u>2,415,670</u>	<u>569,635</u>	<u>1,846,035</u>	

(iii) Fund raising activities in the past twelve months

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
February 3, 2021	Issue of new shares under general mandate	HK\$3,041 million	For, among other things, business development and recruitment of talents	Not yet been utilized and will be utilized in accordance with the intended use as specified in the Company's announcement dated February 3, 2021

Application for Listing

An application for the RMB Share Issue will be made to the SSE. The SSE, after approving the application, will apply to the CSRC for the registration of RMB Share Issue. The Company will make another application to the SSE for the listing of, and permission to deal in, the RMB Shares on the STAR Market after the CSRC agrees with the registration and the public offering of the RMB Shares in the PRC has been completed. The RMB Shares will not be listed on the Hong Kong Stock Exchange.

Reasons for the RMB Share Issue

As a biotech company, the Company has been operating on a loss-making basis since its incorporation. In December 2020, the Company received regulatory approval and listed its first self-developed drug, Orelabrutinib, in China. Following that, the Company has been in contemplation to expand its domestic and overseas R&D pipelines, accelerate R&D progress and commercialization process. As such, the demand for capital expenditure will continue to escalate with regard in the areas including but not limited to (i) innovative drugs R&D project, (ii) upgrade of drugs R&D platform, (iii) construction of marketing and sales network, (iv) construction of IT system and (v) replenishment of cash flow, the Company consider that the existing fundraising channels, including the amount of its HK listing proceeds raised but not yet utilized, will fall short for the foregoing purposes. After completion of the RMB Share Issue, the Company will have its capital structure strengthened, size of net assets expanded and asset-liability ratio reduced, thus enhancing its risk-resistance capacity and business sustainability. The Board considers that the RMB Share Issue will enable the Company to access the PRC capital market by way of equity financing and improve its capital structure while maintaining its international development strategy. The Board considers that the proposed RMB Share Issue will enhance the corporate image of the Company, better facilitate the Company's onshore capital expenditure needs, broaden the Company's fund raising channels, improve the Company's capital structure, and further strengthen the financial position of the Group and provide working capital to the Group.

The Board considers that the RMB Share Issue is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthen the sustainable development of the Company.

Grant of waivers from strict compliance with certain provisions of the Listing Rules

For the purpose of the RMB Share Issue, the Company has applied for, and the Hong Kong Stock Exchange has granted, the following waivers from strict compliance with the relevant provisions of the Listing Rules:

(1) One-off waiver relating to no listing of the RMB Shares on the Hong Kong Stock Exchange

As the RMB Shares will be of the same class as the Hong Kong Shares (i.e., both are ordinary shares carrying the rights) but will not be listed on the Hong Kong Stock Exchange, the Company has applied for, and the Hong Kong Stock Exchange has granted, a one-off waiver from strict compliance with Rules 8.20 and 13.26(1) so that there is no need to seek listing of the RMB Shares to be issued under the proposed RMB Share Issue on the Hong Kong Stock Exchange under Rules 8.20 and 13.26(1) of the Listing Rules, on the following conditions:

- (a) Rule 6.12 of the Listing Rules is modified such that the requirement of obtaining the prior approval of shareholders for voluntary withdrawal of listing on the Hong Kong Stock Exchange by (i) at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting before voluntarily withdrawing its listing on the Hong Kong Stock Exchange; and (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under Rule 6.12(1) of the Listing Rules to vote in person or by proxy at the meeting, shall apply to holders of the Hong Kong Shares only;
- (b) Rule 6.15 of the Listing Rules is modified such that the requirement of fulfilling shareholders' approval requirements under the Takeovers Code for voluntary withdrawal of listing on the Hong Kong Stock Exchange shall apply to holders of Hong Kong Shares only;
- (c) Rule 13.36(2)(b) of the Listing Rules is modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in a general meeting give a general mandate to the Directors under which (i) the aggregate number of Hong Kong Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued Hong Kong Shares as at the date of the resolution granting the general mandate; and (ii) the aggregate number of RMB Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued RMB Shares as at the date of the resolution granting the general mandate; and
- (d) Rule 13.36(2)(b) of the Listing Rules is further modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in general meeting give a repurchase mandate to the Directors under which (i) only the Hong Kong Shares may be repurchased; and (ii) the maximum number of Hong Kong Shares repurchased by the Company since the granting of the general mandate will be 10% of the number of the issued Hong Kong Shares as at the date of the resolution granting the repurchase mandate.

Given this is a one-off waiver for the RMB Share Issue only, the Company would need to apply for waiver from Rules 8.20 and 13.26 of the Listing Rules for any further issue of new RMB Shares.

(2) *Waiver relating to corporate communications*

Under the relevant PRC rules and regulations, (i) the publication of corporate communications, including circulars, on the websites of the SSE and the Company and through other prescribed communication channels such as specified PRC newspapers would constitute effective delivery to the holders of the RMB Shares; and (ii) the Company is not required to (a) seek an express and positive written confirmation from each holder of the RMB Shares that corporate communications may be made available using electronic means; and (b) physically send a circular to the holders of the RMB Shares.

Accordingly, the Company has applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 2.07A so that the requirements relating to corporate communications thereunder will apply only to the holders of the Hong Kong Shares.

(3) *Waiver relating to requirements for certification of transfers*

The transfers of RMB Shares on the STAR Market can be conducted by (i) centralized trading transfers (meaning transfers pursuant to transactions conducted between two parties holding SSE stock accounts through the paperless trading platform of the SSE, which does not involve any certificate, temporary documents or split renounceable documents); and (ii) non-centralized trading transfers (including but not limited to share transfers due to written agreements, inheritance, gift and property division, for which the relevant applicant must submit materials required by CSDC to complete the transfer, and CSDC, which will be the Company's share registrar of the RMB Shares and the keeper of the register of holders of the RMB Shares, will provide services of certifying transfers against certificates or temporary documents and splitting renounceable documents with respect to such non-centralized trading transfers of the RMB Shares).

Accordingly, the Company has applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 13.58 of the Listing Rules so that the requirements relating to certification of transfers to be completed within certain timeframes thereunder will apply only to the Hong Kong Shares and the non-trading transfers of the RMB Shares.

(4) *Waiver relating to requirements for securities registration services*

As the CSDC will provide securities registration services to holders of the RMB Shares, and there is no need for certificate replacement service given that the RMB Shares can be traded electronically on the STAR Market and will not require a share certificate to evidence title, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 13.59 and 13.60 so that the requirements relating to securities registration services thereunder will apply only to the Hong Kong Shares. To the best knowledge of the Company, the grant of the waiver would not impose undue risk to the Shareholders given the proposed RMB Share Issue is subject to Shareholders' approval at the EGM.

SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION

The Company will convene the EGM to propose for consideration by the Shareholders and seek their approval for the matters relating to the RMB Share Issue, the Specific Mandate, the proposed amendments to the Articles of Association and the other matters as set out above. A circular of the EGM containing, among other things, details of the proposals, together with the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules and the Articles of Association currently in force. Please note that in addition to the approval by the Shareholders, the RMB Share Issue is also subject to the necessary Regulatory Approvals.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Wednesday, June 16, 2021 to Monday, June 21, 2021 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the EGM, all transfer documents must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for Shareholders no later than 4:30 p.m. on Tuesday, June 15, 2021.

The RMB Share Issue and the Specific Mandate are subject to, among other things, approval by Shareholders at the EGM and the necessary Regulatory Approvals and thus may or may not proceed. Shareholders and potential investors of the Company should be aware that there is no assurance that the RMB Share Issue will materialise or as to when it may materialise. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made to disclose any material updates and developments in respect of the RMB Share Issue and the Specific Mandate in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board”	the board of Directors of the Company
“Company”	InnoCare Pharma Limited (諾誠健華醫藥有限公司), a limited liability company incorporated in the Cayman Islands
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on Monday, June 21, 2021 to consider and, if thought fit, approve, among other things, the proposed RMB Share Issue, Specific Mandate and related matters (including proposed amendments to the Articles of Association)
“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
“Hong Kong Prospectus”	the prospectus of the Company dated March 11, 2020
“Hong Kong Shares”	the existing ordinary Shares which are listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IND”	Investigational new drug or investigational new drug application also known as clinical trial application in PRC or clinical trial notification in Australia
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Over-Allotment Option”	an over-allotment option which may be exercised by the Company in respect of such number of RMB Shares not exceeding 15% of the number of RMB Shares initially issued under the RMB Share Issue
“PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan
“Regulatory Approvals”	the approvals or decisions from the relevant regulatory authorities and governmental departments in the PRC and Hong Kong (including but not limited to the CSRC, the Hong Kong Stock Exchange, the SSE and the CSDC)
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Share Issue”	the Company’s proposed initial issue of no more than 264,650,000 RMB Shares (assuming no Over-Allotment Option is exercised), which will be listed on the STAR Market

“RMB Shares”	the ordinary Shares to be subscribed for in RMB by target subscribers in the PRC, to be listed on the STAR Market and traded in RMB
“STAR Market”	the Science and Technology Innovation Board of the SSE
“STAR Market Listing Rules”	the Rules Governing the Listing of Securities at the Science and Technology Innovation Board of the SSE (《上海證券交易所科創板股票上市規則》)
“SSE”	the Shanghai Stock Exchange
“Shareholders”	the holders of the Shares of the Company
“Shares”	the ordinary shares in the share capital of the Company with par value of US\$0.000002 each
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue RMB Shares pursuant to the RMB Share Issue
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amended, supplemented or otherwise modified from time to time
“US\$”	the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, May 26, 2021

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