INNOCARE
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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2020, together with the comparative figures for the year ended December 31, 2019. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Board and Audit Committee of the Company and confirmed by the Company's auditors.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

BUSINESS HIGHLIGHTS

During the year ended December 31, 2020, we continued advancing our drug pipeline and business operations, including the following milestones and achievements:

Orelabrutinib

- Orelabrutinib received approval from the China NMPA for the treatment of patients with r/r CLL/SLL and the treatment of patients with r/r MCL. Both indications were approved based on 12-month safety and efficacy data, which was presented at the 62nd ASH annual meeting. Currently, our 150 plus commercial team is actively marketing Orelabrutinib in China.

- Over 400 patients have been treated with Orelabrutinib across all of our B-cell malignant cancer trials. The clinical data indicates that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles.

- Our Phase II trial for r/r WM was endorsed as a registrational trial by the CDE. We have completed patient enrollment and expect to submit the NDA in the first half of 2022.

- Our Phase II trial for r/r MZL was endorsed as a registrational trial by the CDE. We expect to complete patient enrollment in the second half of 2021.

- Our Phase III trial for Orelabrutinib as a first-line treatment for CLL/SLL was endorsed as a registrational trial by the CDE.

- We have continued to make progress in the Phase II trial for r/r CNSL.

- We are completing the Phase I combinational trial between Orelabrutinib and MIL-62, a next generation CD20 antibody. The preliminary clinical results are very promising and we plan to announce the results in the second half of 2021.

- We have received NMPA endorsement to begin a Phase III trial of Orelabrutinib in combination with R-CHOP as a first-line treatment for MCL.

- In the U.S., we have initiated a Phase II trial for r/r MCL, which was granted Orphan Drug Designation by the U.S. FDA in the fourth quarter of 2020.

- In addition to oncology, we are exploring the use of Orelabrutinib for the treatment of various autoimmune diseases. In China we have begun a Phase IIa trial for SLE. We have also initiated a global Phase II trial for MS in the U.S., Europe and China, etc.

ICP-192 (gunagratinib)

- Gunagratinib completed Phase I trials in China and was found to be well tolerated with no treatment-related DLT.

- We are progressing gunagratinib through two Phase II trials for advanced cholangiocarcinoma and for urothelial cancer.

- Early efficacy data of the Phase I/II clinical trials are promising. Of the 12 patients with FGF/FGFR gene aberrations who had completed at least one tumor assessment, the ORR was 33.3% including 1 cholangiocarcinoma patient (8.3%) achieving CR and 3 patients (25%) with PR. The DCR was 91.7 (11 of 12 patients).

- In the U.S., we have initiated a Phase I/II dose escalation trial in advanced solid tumors with first-patient dosing completed earlier this year.

ICP-723

- The IND application for ICP-723 was approved by the CDE in the first half of 2020. We are currently conducting Phase I clinical trials in China to assess the safety, tolerability and PK of ICP-723 in advanced solid tumors and to evaluate the preliminary anti-tumor activity of ICP-723 in patients with NTRK fusions.

ICP-105

- We are in Phase I dose study to determine the safety, tolerability, and PK/PD profile of ICP-105.

Our Key IND-Enabling Stage Drug Candidates

ICP-332 – ICP-332 is a small-molecule inhibitor of Tyrosine Kinase 2 (TYK2) that we are developing for the treatment of various autoimmune disorders. We submitted the IND application for ICP-332 to the CDE, which was accepted in February of 2021.

ICP-189 – a potent oral allosteric inhibitor of SHP2 with excellent selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a single agent and/or in combinations with other anti-tumor agents. We plan to submit the IND application for ICP-189 to the CDE in the second half of 2021.

ICP-488 – a small molecule binder of the pseudokinase domain (Janus Homology 2 or JH2) of TYK2. We intend to develop ICP-488 for the treatment of inflammatory diseases such as psoriasis and IBD. We plan to file the IND application for ICP-488 in the second half of 2021.

ICP-033 – a multi-kinase inhibitor mainly targeting discoidin domain receptor 1 (DDR1) and vascular endothelial growth factor receptor (VEGFR) that inhibits angiogenesis and tumor cell invasion, normalizes abnormal blood vessels, and reverses the immunosuppressive state of the tumor microenvironment. ICP-033 is intended to be used in combination with immunotherapy and other targeted therapy drugs for liver cancer, renal cell carcinoma, colorectal cancer and other solid tumors. We expect to file the IND application for ICP-033 in the first half of 2021.

ICP-490 – a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. By specifically binding to $CRL4^{CRBN}$-E3 ligase complex, it induces ubiquitination and degradation of transcription factors including Ikaros and Aiolos. We plan to submit the IND application for ICP-490 to the CDE in the first half of 2022.

ICP-248 – a novel, orally bioavailable B-cell lymphoma-2 (BCL-2) selective inhibitor. We intend to develop ICP-248 in combination with Orelabrutinib for the treatment of AML, ALL, FL, CLL, DLBCL and other hematological malignancies. We expect to file the IND application for ICP-248 in the first half of 2022.

ICP-B03 – a tumor-conditional pro-interleukin (IL) – 15 targeting and changing immune cells inside tumor microenvironment. ICP-B03 has the potential to improve anti-tumor efficacies of existing therapies, such as immune checkpoint inhibitors, chemotherapies etc. We plan to apply for the IND application for ICP-B03 in the second half of 2022.

Other Events

We have constructed our own in-house manufacturing facilities. Our 50,000 m^2 Guangzhou manufacturing facility complies with GMP requirements of the U.S., Europe, Japan and China. We have successfully obtained the manufacturing license for the Guangzhou manufacturing facility.

We currently have a team of 150+ sales and marketing members covering over 500 nationally leading hematology hospitals. Our sales and marketing team currently includes key functional heads for sales, marketing, medical affairs, market access and distribution and customer management. We plan to expand the commercialization team to 200 personnel covering over 900 of the top hospitals by the end of 2021.

FINANCIAL HIGHLIGHTS

Revenue

Our revenue increased from RMB1.2 million for the year ended December 31, 2019 to RMB1.4 million for the year ended December 31, 2020, which was primarily attributable to the increase of service orders provided to a third party by InnoCare Nanjing. As our core product candidate, Orelabrutinib, has launched to the market, we expect our sources of revenue to become more diversified.

Other Income and gains

Our other income and gains increased by 159.9% from RMB104.4 million for the year ended December 31, 2019 to RMB271.3 million for the year ended December 31, 2020, primarily attributable to (i) RMB108.0 million increase in exchange gain due to the IPO offshore RMB exchanging to US$; (ii) RMB24.8 million increase in bank interest income from RMB72.0 million in 2019 to RMB96.8 million in 2020; and (iii) RMB36.1 million increase in government grants from PRC local government authorities to support our subsidiaries' research and development activities from RMB 28.3 million to RMB64.4 million.

Research and Development Costs

Our research and development costs increased from RMB213.1 million for the year ended December 31, 2019 to RMB402.8 million for the year ended December 31, 2020, primarily due to the expansion of our clinical trials and the increase in share-based compensation. Such increase in R&D costs mainly resulted from (i) RMB33.5 million increase of R&D employees cost from RMB50.2 million to RMB83.7 million; (ii) RMB17.0 million increase of third party contracting cost from RMB38.3 million to RMB55.3 million; (iii) RMB13.2 million increase of direct clinical trial expenses from RMB37.5 million to RMB50.7 million; (iv) RMB114.4 million increase of share-based compensation from RMB57.2 million to RMB171.6 million.

Administrative Expenses

Our administrative expenses increased from RMB63.6 million for the year ended December 31, 2019 to RMB89.4 million for the year ended December 31, 2020, primarily attributable to (i) an increase in employee cost of our administrative personnel from RMB20.0 million to RMB31.2 million; (ii) an increase in professional fees from RMB3.3 million to RMB9.7 million; (iii) one time increase in listing expense from RMB20.8 million to RMB24.6 million.

Selling and Distribution Expenses

Selling and Distribution expenses increased from RMB3.5 million for the year ended December 31, 2019 to RMB68.2 million for the year ended December 31, 2020, primarily attributable to the launching of Orelabrutinib before the year end and relevant sales and distribution expenses increased, including (i) an increase in employee cost of our sales and marketing personnel from RMB1.1 million to RMB25.5 million; (ii) an increase in market research and market promotion from RMB0.1 million to RMB16.0 million; (iii) an increase in share-based compensation from RMB1.3 million to RMB21.6 million.

Loss for The Year

As a result of the above factors, and taking into account our fair value changes of a loss of RMB141.6 million by convertible redeemable preferred shares for the year ended December 31, 2020 comparing with a loss of RMB1,814.0 million as of prior year, which were converted to common shares after the IPO, and the fair value changes of a loss of RMB32.4 million by convertible loan for the year ended December 31, 2020 comparing with a loss of RMB159.9 million, which are primarily due to the increase in our company's valuation, the loss for the year decreased from RMB2,150.4 million for the year ended December 31, 2019 to RMB464.3 million for the year ended December 31, 2020.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

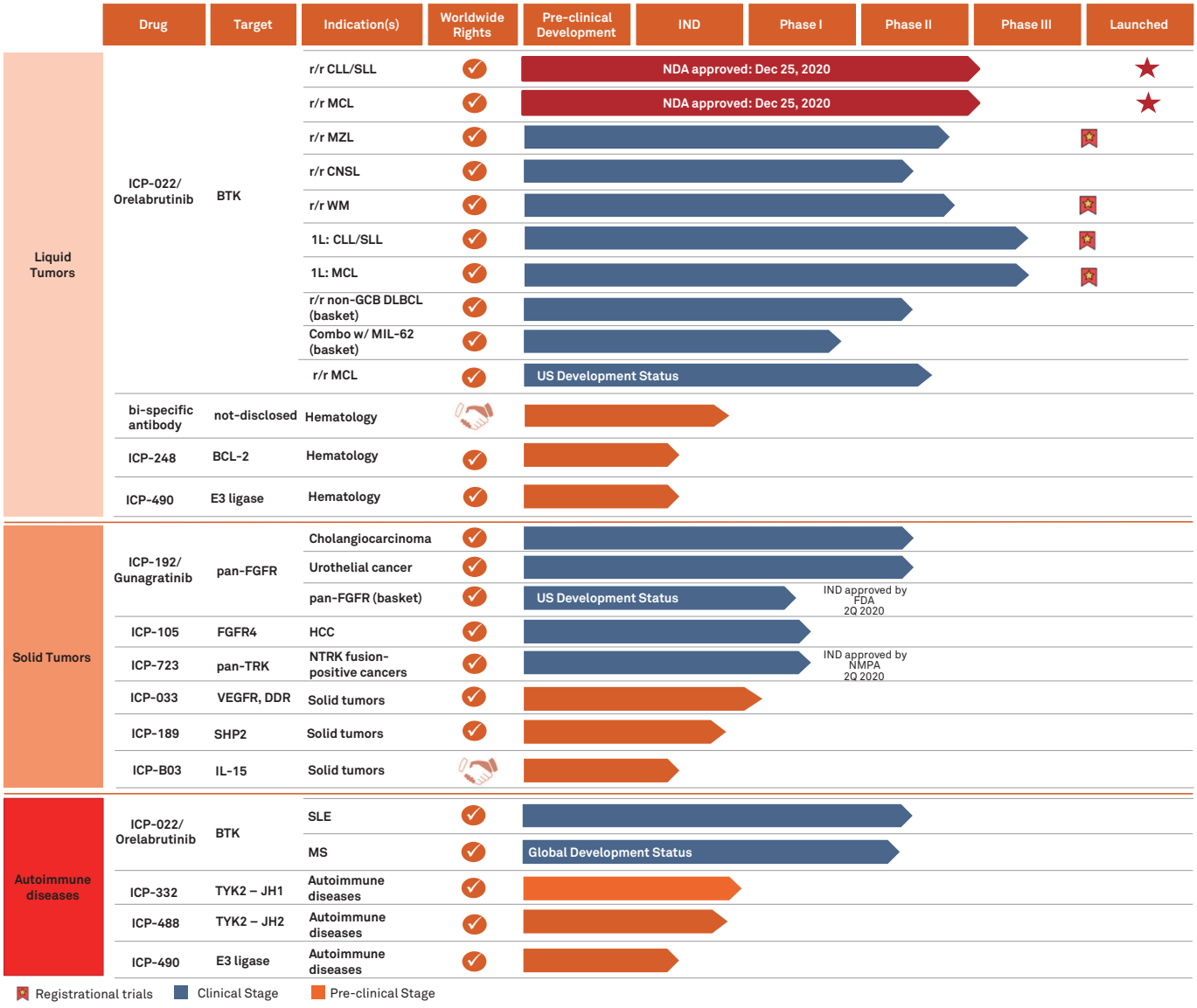
OVERVIEW

InnoCare is a commercial stage biopharmaceutical company committed to discovering, developing and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancers and autoimmune diseases – two large therapeutic areas with significant market opportunity and synergies. Led by a well-known management team of seasoned industry executives, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing and commercialization capabilities. Our vision is to become a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide.

Leveraging our management team's global vision and local expertise, we have built a balanced drug portfolio. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class from a safety and efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential. Our strategy is to rapidly advance our clinical programs and seek approval to commercialize our product candidates in China. At the same time, we are expanding clinical trials globally including the United States for promising indications to maximize the commercial value of our assets.

Product Pipeline

In the past five years, we have built a robust pipeline that includes one commercial product with two approved indications, three assets in Phase I/II trials and several others at the IND enabling stage. The following chart summarizes our pipeline and the development status of each clinical stage candidate and select IND-enabling stage candidates.



BUSINESS REVIEW

Orelabrutinib

Orelabrutinib is a highly selective, irreversible BTK inhibitor for the treatment of various B-cell malignances and autoimmune diseases that we are currently investigating in a broad clinical program in China and globally. On December 25, 2020, Orelabrutinib received approval from the China NMPA in two indications: (i) the treatment of patients with r/r CLL/SLL; (ii) the treatment of patients with r/r MCL. Both indications were approved based on 12-month safety and efficacy data. Presently, our 150-plus person commercial team is actively marketing Orelabrutinib in China. Over the next year, we will expand market coverage and continue to broaden Orelabrutinib's treatment indications.

For a detailed overview of the Mechanism of Action of a BTK inhibitor, please see our Prospectus.

Summary of Clinical Data

To date, we have dosed over 400 patients across all of our clinical trials. The clinical data indicates that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles. Orelabrutinib's latest published clinical data, which were presented at the 62nd American Society of Hematology Meeting that took place on December 5 – 8, 2020, gave updated 12-month safety and efficacy analyses from both of our r/r CLL/SLL and r/r MCL trials. In this announcement, we have incorporated selected elements from the r/r MCL study, the r/r CLL/SLL study and a combined safety profile study. The full study results can be found on the ASH publication website.

Orelabrutinib for CLL/SLL

A Phase II open-label, multicenter, study of Orelabrutinib was conducted to treat patients with r/r CLL/SLL. Patients were treated with Orelabrutinib, given 150 mg orally once daily (QD). The primary endpoint was objective response rate ("**ORR**"). The duration of response ("**DOR**"), progression-free survival ("**PFS**") and safety chosen as secondary endpoints. A total of 80 patients with r/r CLL (n=70)/SLL (n=10) were enrolled. The median follow-up time was 14.3 months, and the last patient completed a minimum of 12 cycles of Orelabrutinib treatment.

The efficacy results, presented below, were evaluated by Independent Review Committee ("**IRC**"). Following a minimum of 12 cycles treatment, the ORR (PR-L or above) was 91.3% including 10% complete response (CR), 63.8% partial response (PR) and 17.5% PR-L. Median time for achieving first response was 1.87 months. The median DOR, PFS and OS were not reached. The estimated 12-month DOR was 77.1%, PFS 81.1% and OS 86.3%.

Orelabrutinib for CLL/SLL

	Orelabrutinib IRC (ICP-CL-00103, N=80)
Median Follow-up Time	14.3 months
ORR	91.3%
CR	10%
PR	63.8%
PR-L	17.5%

Most adverse events ("**AEs**") were mild to moderate. The most frequent AEs of any cause were well characterized as hematological toxicities: thrombocytopenia, neutropenia, and anemia; upper respiratory tract infection, pneumonia and hypokalemia. No case of atrial fibrillation nor secondary malignancy was reported, no patient was observed having severe hypertension and only one patient had grade 3 or above diarrhea. Major hemorrhage was reported in 2 patients, one with intracranial hemorrhage (65-year-old male patient with more than 10 years of hypertension) and the other with vitreous hemorrhage which was resulted from posterior vitreous detachment that was assessed as unlikely to be related to the treatment of Orelabrutinib.

This study confirms that Orelabrutinib has an excellent safety profile and is efficacious in treating r/r CLL patients. Orelabrutinib showed a significant higher CR rate compared to other BTK inhibitors at a similar treatment period. This trial is still ongoing, and we anticipate a further increase of CR rate with longer duration of treatment.

Orelabrutinib for MCL

A Phase II open-label, multicenter, two stage study was conducted to evaluate the long-term safety and efficacy of Orelabrutinib as a monotherapy for r/r MCL. The primary endpoint was ORR assessed per Lugano criteria. Safety and other efficacy (DOR, PFS, overall survival (OS)) evaluations were chosen as secondary endpoints. A total of 106 patients were enrolled with a median follow up time of 15.0 months.

The efficacy results were evaluated by IRC. According to per protocol analysis, 87.9% ORR and 93.9% disease control rate were achieved. The CR-rate was 27.4% when measured with the conventional computerized tomography (CT) method, and was 42.9% when assessed by Positron Emission Tomography (PET) based imaging. The 12-month DOR was 73.7% and the PFS and OS rates were 70.8% and 88.7% respectively. The median DOR, PFS and OR were not reached.

Orelabrutinib showed an excellent safety profile in r/r MCL patients. The frequently reported treatment related adverse events ("**TRAE**") were primarily hematological toxicities including thrombocytopenia, neutropenia, leukopenia and hypertension. The most frequently reported grade 3 or higher AEs of any cause was thrombocytopenia. No treatment related grade 3 or above GI toxicity, cardio toxicity or severe bleeding were observed. Compared to the safety data of a median follow up of 10.5 months, the safety profiles were essentially the same. These results suggested that safety events primarily occurred during early treatment and appeared less eventful with continued Orelabrutinib treatment.

In conclusion, Orelabrutinib has shown high efficacy in treating patients with r/r MCL. Orelabrutinib was safe and well tolerated with no treatment related grade 3 or higher diarrhea, atrial fibrillation/flutter or sever bleeding in this study. This is an ongoing study, and we will continue to evaluate Orelabrutinib as a treatment for MCL. Results of prolonged treatment is expected to produce a higher rate in depth of response while maintaining an exceptional safety profile.

Combined Safety Profile

Orelabrutinib has demonstrated an excellent safety profile. The table below shows AEs of special interests from Orelabrutinib's combined safety profile. Thus far, we have not found any severe atrial fibrillation associated with use of Orelabrutinib, a major concern in patients with potential cardiovascular complications. We have also found a low rate of diarrhea and/or severe diarrhea, a primary side effect among other BTK inhibitors. The improved safety profile, as a result of high target selectivity, combined with the convenience of once-daily dosing, will make Orelabrutinib the preferred treatment option for B-cell malignancies.

AEs of Special Interest

Patients evaluated	N = 266
Grade 3 or 4 Atrial fibrillation	0.0%
Diarrhea	7.1 % (1 case for G3)
Secondary malignancy	0.4% (1 case)
≥ Grade 3 Infection	15.4%

Other Ongoing Clinical Trials

Over the past year we have made considerable progress across all of our B-cell malignancy trials in China, several of which have been endorsed as a registrational trial by the CDE: (i) a Phase II trial of r/r WM where we have completed patient enrollment and expect to submit an NDA in the first half of 2022; (ii) a Phase II trial for r/r MZL where we expect to complete patient enrollment in the second half of 2021; (iii) an ongoing Phase III trial for first-line treatment of CLL/SLL. We have continued to advance: (i) the Phase II trial for r/r CNSL; (ii) the Phase I combinational basket trial with MIL-62, a next generation CD20 antibody. Additionally, we have received CDE approval to begin a Phase III trial of Orelabrutinib in combination with R-CHOP as a first-line treatment for MCL.

In the U.S., we have completed the Phase I B-cell malignancy basket trial and have initiated a Phase II trial for r/r MCL which was granted Orphan Drug Designation by the U.S. FDA late last year.

Because of Orelabrutinib's excellent target selectivity and superior safety profile, we are also evaluating it as a novel therapy for the treatment of autoimmune and neurological diseases. We have initiated a global Phase II trial for MS in the U.S., Europe and China and are continuing with the Phase IIa trial for SLE in China.

ICP-192 (gunagratinib)

Gunagratinib is a potent and highly selective pan-FGFR inhibitor that we are developing for the treatment of various types of solid tumors. Studies have shown that mutations and aberrant activation of FGFRs have been implicated with the development of various cancers, including bile duct, breast, lung, head and neck, gastric and urothelial cancers, accounting for approximately 7.1% of solid tumors. As gunagratinib is currently one of the most advanced clinical stage pan-FGFR inhibitors being developed in China, we believe we are well-positioned to capitalize this market opportunity.

For a detailed overview of the Mechanism of Action of a pan-FGFR inhibitor, please see our Prospectus.

Current Status

Gunagratinib is a novel pan-FGFR (fibroblast growth factor receptors) inhibitor that potently and selectively inhibits FGFR activities irreversibly by covalent binding. Preclinical data showed that gunagratinib overcomes the acquired resistance to the first-generation reversible FGFR inhibitors, e.g., infigratinib. Gunagratinib is currently undergoing Phase I/II clinical studies in China and the U.S. In China, we have completed Phase I trials, which found that gunagratinib was well tolerated with no treatment-related DLT. We are currently progressing gunagratinib through two Phase II trials for advanced cholangiocarcinoma and urothelial cancers, two indications with high incidence of FGFR aberrations. Early efficacy data of the current Phase I/II clinical trial is presented below. Of the 30 patients that were dosed, 12 patients with FGF/FGFR gene aberrations who have completed at least one tumor assessment, the overall response rate (ORR) was 33.3%, including 1 patient (8.3%) of cholangiocarcinoma with complete response (CR) and 3 patients (25%) with partial response (PR). The disease control rate (DCR) was 91.7% (11 of 12 patients).

Gunagratinib early efficacy data in patients with FGF/FGFR alterations

Total patients, n	30
Evaluable patients with FGF/FGFR aberration, n	12
CR, n	1 (8.3%)
PR, n	3 (25%)
SD, n	7 (58.3%)
DCR, %	91.7

In the U.S., we have initiated a Phase I/II dose escalation trial in advanced solid tumors followed by dose expansion trials in cholangiocarcinoma and urothelial cancer. First-patient dosing was completed earlier this year.

ICP-723

ICP-723 is a second-generation small molecule pan-TRK inhibitor designed to treat patients with NTRK gene fusion-positive cancers who were TRK inhibitor treatment-naive or who have developed resistance to the first generation TRK inhibitors, regardless of cancer types. First-generation pan-TRK kinase inhibitors have shown dramatic responses in patients with TRK gene fusions, however, duration of response was limited by acquired resistance. Preclinical data showed that ICP-723 markedly inhibited the activity of the wild type TRKA/B/C as well as mutant TRKA with resistant mutation G595R or G667C, which provides strong evidence that it could overcome acquired resistance to the first-generation TRK inhibitors.

Mechanism of Action

The TRK family consists of 3 proteins referred to as TRKA, TRKB and TRKC, which are encoded by neurotrophic receptor tyrosine kinase genes NTRK1, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

Current Status

The IND application for ICP-723 was approved by the NMPA in May 2020. We are currently conducting Phase I clinical trials in China to assess the safety, tolerability and PK of ICP-723 in advanced solid tumors and to evaluate the preliminary anti-tumor activity of ICP-723 in patients with NTRK fusions. In the phase I dose escalation, two cohorts (1 and 2 mg) were completed and no treatment related serious AE (SAE) or DLT were observed during DLT observation period in all patients. The PK data showed that the plasma exposure was high, which is within the range of efficacious exposure in preclinical models, and T1/2 is around 18 hours, supporting the once-daily dosing. Dose was escalated to 3 mg in the 3rd cohort and patient with NTRK gene fusion was already enrolled for efficacy evaluation.

ICP-105

ICP-105 is a potential first-in-class, potent and selective FGFR4 inhibitor that we are developing for the treatment of advanced HCC with FGFR4 pathway overactivation. HCC, one of the most lethal cancers, is especially prevalent in China, accounting for nearly 50% of all new cases globally. While several FGFR4 inhibitors are under clinical development, there are currently no marketed FGFR4 inhibitors globally.

For a detailed overview of the Mechanism of Action of a FGFR4 inhibitor, please see our Prospectus.

ICP-105 has the potential to become a promising therapy for HCC and is currently in Phase I dose escalation study to determine its safety, tolerability and PK/PD profile.

IND Stage Drug Candidates

ICP-332

ICP-332 is a small-molecule inhibitor of Tyrosine Kinase 2 ("**TYK2**") that we are developing for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon (IFN) receptor. These cytokine/receptor pathways drive the functions of T helper 17 (TH17), TH1, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, atopic dermatitis, and etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with non-selective JAK inhibitors. Thus, selective inhibition of TYK2 by ICP-332 may offer a potential therapy for multiple autoimmune diseases with better safety profiles.

We submitted the IND application for ICP-332 to the CDE, which was accepted in February of 2021.

ICP-033

ICP-033 is a multi-kinase inhibitor mainly targeting discoidin domain receptor 1 (DDR1) and vascular endothelial growth factor receptor (VEGFR) that inhibits angiogenesis and tumor cell invasion, normalizes abnormal blood vessels, and reverses the immunosuppressive state of the tumor microenvironment. Pre-clinical studies have shown that ICP-033 exhibits strong anti-tumor effects both *in vivo* and *in vitro*. ICP-033 is intended to be used in combination with immunotherapy and other targeted therapy drugs for liver cancer, renal cell carcinoma, colorectal cancer and other solid tumors. We expect to file the IND application for ICP-033 in the first half of 2021.

ICP-189

ICP-189 is a potent oral allosteric inhibitor of SHP2 with excellent selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a single agent and/or in combinations with other antitumor agents. SHP2 is a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway for the regulation of cellular proliferation and survival. We plan to submit the IND application for ICP-189 to the CDE in the second half of 2021.

ICP-488

ICP-488 is a small molecule binder of the pseudokinase domain (Janus Homology 2 or JH2) of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown cause of, or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding the TYK2 JH2 domain, blocks IL-23, IL-12, type 1 IFN and other inflammatory cytokine receptors. We intend to develop ICP-488 for the treatment of inflammatory diseases such as psoriasis and IBD. We plan to file the IND application for ICP-488 in the second half of 2021.

ICP-490

ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. By specifically binding to $CRL4^{CRBN}$-E3 ligase complex, it induces ubiquitination and degradation of transcription factors including Ikaros and Aiolos.

Clinically, ICP-490 may be used for the treatment of patients with relapsed/refractory multiple myeloma, DLBCL and autoimmune diseases such as systemic lupus erythematosus. We are currently in pre-IND communications with the NMPA and plan to submit the IND application for ICP-490 in the first half of 2022.

ICP-248

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 (BCL-2) selective inhibitor. BCL-2 is an important part of apoptotic pathway, which is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have shown proven anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway that causes rapid cancer cell apoptosis. However, as resistance to existing BCL-2 inhibitors is nearly inevitable, the optimal clinical treatment will be to use them in combination with other treatments. By increasing metabolic stability and reducing impact on liver drug enzymes, we have developed ICP-248 to be more suitable for combinational therapies. Given the outstanding safety and efficacy profile of Orelabrutinib, we are confident that the combination of ICP-248 and Orelabrutinib will overcome resistance seen in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with Orelabrutinib for the treatment of AML ALL, FL, CLL, DLBCL and other hematological malignancies. We expect to file the IND application for ICP-248 in the first half of 2022.

ICP-B03

ICP-B03 is a tumor-conditional pro-interleukin (IL) – 15 targeting and changing immune cells inside tumor microenvironment. IL-15 is a cytokine that stimulates important anti-tumor immune cells, such as CD8+ T cells and Natural Killer (NK) cells. ICP-B03 has shown strong capabilities in activating and proliferating immune cells without activating inhibitory regulatory T cells (Tregs), leading to a potent and durable anti-tumor response. Preclinical studies of MC31 colon cancer models have shown much longer survival rates compared to those of wild mouse models. ICP-B03 has the potential to improve anti-tumor efficacies of existing therapies, such as immune checkpoint inhibitors, chemotherapies etc. We plan to apply for the IND application for ICP-B03 in the second half of 2022.

Manufacturing

In anticipation of the market launch of Orelabrutinib and other potential drug candidates, we have constructed our own in-house manufacturing facilities and commercialization capabilities. Our 50,000m^2 Guangzhou manufacturing facility complies with GMP requirements of the U.S., Europe, Japan and China, and will have an annual production capacity of one billion pills. We have successfully obtained a manufacturing license for the facility.

Commercialization

Our commercial strategy was developed to facilitate the market launch of Orelabrutinib in China. In the months prior to approval, we have engaged with the top hematology Key Opinion Leaders and designed a large-scale physician education program to portray Orelabrutinib's advantages. By simultaneously focusing on rapid market expansion and building a high-quality brand perception, we aim to strengthen our competitive clinical advantage across all levels of medical services.

Currently, our team consists of 150+ sales and marketing members covering over 500 nationally leading liquid oncology hospitals. We plan to expand the commercialization team to 200 personnel covering over 900 of the top hospitals by the end of 2021.

IMPACT OF THE COVID-19 OUTBREAK

Since the outbreak of the novel coronavirus ("**COVID-19**") in early 2020, the Company has adopted immediate measures to maintain effective and high-quality level of operation. Although we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 pandemic, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. In addition, our supply chain has not experienced any material disruption since the outbreak of COVID-19. We have not experienced and currently do not expect any material regulatory delays in respect of our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. We have not experienced any material impact from COVID-19 on the progress, status or filing update of our ongoing research and clinical activities.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to December 31, 2020, the following significant events took place:

On February 2, 2021, the Company and certain investors had entered into two subscription agreements pursuant to which the Company has conditionally agreed to allot and issue and the investors, namely Gaoling Fund L.P., YHG Investment L.P. and Vivo Opportunity Fund, L.P., has conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 new Shares of the Company, representing approximately 16.33% of the existing total issued shares of the Company as at the date of the subscription agreements and approximately 14.04% of the total issued shares of the Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of HK$14.45 per subscription share, 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 February 2, 2021).

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 above-mentioned subscription was completed on February 10, 2021. For details of the said subscription, please refer to the announcements of the Company dated February 3, 2021 and February 10, 2021 available at the websites of the Company at www.innocarepharma.com and the Hong Kong Stock Exchange at www.hkexnews.hk respectively.

On March 11, 2021, the board of directors of the Company resolved that, the Company proposes to issue RMB shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "**Proposed Issue of RMB Shares**"). As the Proposed Issue of RMB Shares is subject to the obtaining of the necessary regulatory approvals and, accordingly, may or may not proceed, shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) to disclose any developments in respect of the Proposed Issue of RMB Shares in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate.

On March 16, 2021, the Group granted 2,000,000 RSUs which shall be vested at an exercise price of US$0.055 to certain eligible individuals under the 2016 Global Share Plan and 2,680,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Global Share Plan.

On March 23, 2021, the Group granted 280,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Global Share Plan.

Save as disclosed, no other important events affecting the Company occurred after December 31, 2020 and up to the date of this announcement.

FUTURE DEVELOPMENT

To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following aspects:

Continue to develop Orelabrutinib in B-cell malignancies

We have initiated a broad clinical program for Orelabrutinib in various B-cell malignancies in China. We will continue our efforts to advance Orelabrutinib through various Phase II clinical trials for other B-cell malignancies, including MZL, CNSL, WM and non-GCB DLBCL sub-population with double mutations in China. Furthermore, we will continue to pursue the Phase III trial of Orelabrutinib as a first-line treatment of CLL/SLL and MCL in China.

We will continue to advance clinical development of Orelabrutinib in the U.S. and will actively seek ex-China partnerships opportunities to maximize the commercial value of Orelabrutinib globally.

We will continue to progress Orelabrutinib through the combinational basket trial with MIL-62. We intend to further identify and develop promising combination therapies to leverage Orelabrutinib's safety profile demonstrated by clinical data.

Develop Orelabrutinib and other potential candidates for autoimmune diseases

Having recognized the significant market potential in autoimmune diseases and Orelabrutinib's favorable safety profile, we are developing Orelabrutinib as a novel therapy for the treatment of autoimmune diseases.

In China, we will continue to advance Orelabrutinib through the Phase IIa trial for SLE. Globally, we are exploring Orelabrutinib through Phase II global trial to identify the optimal dosing regimen and evaluate its safety and efficacy for the treatment of MS. According to the Multiple Sclerosis International Federation (MSIF), more than 2.8 million people around the world are affected by MS currently. According to Frost & Sullivan Analysis, global market of MS drugs reached US$23.0 billion in 2018, and it is expected to be up to US$48.9 billion by 2030. BTK plays important roles in the development and function of B cells, macrophages, and microglia, which are involved in the immunopathological characteristics of MS. BTK inhibitors have the potential to transform the treatment paradigm of autoimmune diseases including MS. Orelabrutinib has demonstrated sustained anti-inflammatory activity, excellent safety profile and a good level of Brain Blood Barrier (BBB) Penetration capability. After the optimal dosing regimen is identified, we plan to initiate subsequent pivotal clinical studies for MS as well as for other autoimmune diseases, such as ITP, LN, pemphigus and IgG4-RD.

In addition to Orelabrutinib, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488 (a small molecule binder of the pseudokinase domain (JH2) of TYK2), for the treatment of various T-cell mediated autoimmune diseases, such as psoriasis, IBD and SLE. With both Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as a T-cell pathway regulator in hand, we believe we are well-positioned to provide oral drug solutions for the substantial unmet medical needs in autoimmune diseases.

Continue the development of Gunagratinib for solid tumors in China and worldwide

We plan to develop gunagratinib, a pan-FGFR inhibitor, for the treatment of various types of solid tumors. We will continue to advance gunagratinib through Phase II clinical trials for cholangiocarcinoma and urothelial cancer in order to further evaluate its safety and efficacy and to define its registration path. In the U.S., we have completed first patient dosing in a Phase I trial.

In addition, we plan to explore gunagratinib in combination with immune checkpoint inhibitors and other agents to treat solid tumors with FGFR aberrations. Depending on the results of these clinical trials, we intend to expand our clinical development efforts into additional solid tumor indications such as gastric cancers.

Based on clinical trial results, we plan to expand the clinical development of gunagratinib globally by focusing on promising indications and may seek global partnerships as well.

Develop ICP-723 for solid tumors in China and worldwide

We are currently conducting an open-label Phase I/II study to evaluate the safety, tolerability, PK and preliminary efficacy of ICP-723 for the treatment of advanced solid tumors with NTRK gene fusions. The Phase I study is to evaluate the safety, tolerability and PK of ICP-723. The RP2D and Phase II study will be a dose expansion portion to evaluate the efficacy and safety of ICP-723 in the treatment of patients with NTRK gene fusions with or without prior treatment with the first generation of TRK inhibitors.

We are also considering clinical trials in the U.S. to further explore its market and therapeutic potential.

Expand our pipeline through in-house discovery and business development efforts

We will continue to develop our multiple candidates that are currently at IND-enabling stage.

To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing opportunities that will complement our existing portfolio. A strong emphasis will be placed on licensing assets that allows us to fully leverage and capitalize our commercial and manufacturing platform, and those that have potential synergies with our current pipeline for combination therapies.

FINANCIAL REVIEW

Revenue

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
	(in thousands, except percentages)			
Revenue from continuing operations				
Research and development services	**1,364**	**100**	1,247	100

Our revenue increased by 9.4% from RMB1.2 million in 2019 to RMB1.4 million in 2020, which was primarily attributable to the increase of service orders.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
	(in thousands, except percentages)			
Research and development services	**1,364**	**100**	1,247	100

As a result of the foregoing, our gross profit increased from RMB1.2 million in 2019 to RMB1.4 million in 2020.

Segmental Information

Since the Group's revenue and operating losses were mainly from the activities related to research and development in China, and most of the Group's identifiable operating assets and liabilities are located in China, therefore, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Other Income and Gains

Our other income and gains increased by 159.9% from RMB104.4 million in 2019 to RMB271.3 million in 2020, primarily attributable to (i) RMB108.0 million increase in exchange gain due to the IPO offshore RMB exchanging to US$; (ii) RMB24.8 million increase in bank interest income from RMB72.0 million in 2019 to RMB96.8 million in 2020; and (iii) RMB36.1 million increase in government grants from PRC local government authorities to support our subsidiaries' research and development activities from RMB28.3 million in 2019 to RMB64.4 million in 2020.

Research and development costs

Our research and development costs increased by 89.0% from RMB213.1 million in 2019 to RMB402.8 million in 2020, primarily due to the expansion of our clinical trials and the increase in share-based compensation. Such increase in R&D costs resulted from the following:

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**83,713**	**20.8**	50,176	23.5
Share-based compensation	**171,633**	**42.6**	57,165	26.8
Third party contracting cost	**55,340**	**13.7**	38,332	18.0
Direct Clinical trial expenses	**50,710**	**12.6**	37,456	17.6
Depreciation and amortisation	**6,467**	**1.6**	5,377	2.5
Others	**34,908**	**8.7**	24,617	11.6
Research and development costs	**402,771**	**100.0**	213,123	100.0

(i) RMB33.5 million increase of R&D employees cost from RMB50.2 million to RMB83.7 million;

(ii) RMB114.4 million increase of Share-based compensation from RMB57.2 million to RMB171.6 million;

(iii) RMB17.0 million increase of third party contracting cost from RMB38.3 million to RMB55.3 million;

(iv) RMB13.2 million increase of direct clinical trial expenses from RMB37.5 million to RMB50.7 million.

Administrative Expenses

Our administrative expenses increased by 40.5% from RMB63.6 million in 2019 to RMB89.4 million in 2020, primarily attributable to (i) an increase in employee cost of our administrative personnel from RMB20.0 million to RMB31.2 million; (ii) an increase in professional fees from RMB3.3 million to RMB9.7 million; and (iii) an increase in listing expense from RMB20.8 to RMB24.6 million.

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**31,227**	**34.9**	19,960	31.4
Depreciation and amortisation	**3,458**	**3.9**	3,648	5.7
Professional fees	**9,661**	**10.8**	3,306	5.2
Listing expense	**24,589**	**27.5**	20,846	32.8
Share-based compensation	**9,745**	**10.9**	7,349	11.6
Others	**10,691**	**12.0**	8,514	13.3
Administrative Expenses	**89,371**	**100.0**	63,623	100.0

Other expenses

Our other expenses decreased by 78.8% from RMB159.9 million in 2019 to RMB33.9 million in 2020, primarily due to the decrease of RMB127.5 million of fair value changes of the convertible loan with Guangzhou Kaide Technology Development Co., Ltd from RMB159.9 million to RMB32.4 million.

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Fair value changes of convertible loan	**32,374**	**95.6**	159,907	100.0
Non-operating expenses	**1,489**	**4.4**	2	0.0
Other Expenses	**33,863**	**100.0**	159,909	100.0

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB3.5 million in 2019 to RMB68.2 million in 2020, primarily attributable to the launching of Orelabrutinib before the year end and relevant sales and distribution expenses increased, including (i) an increase in employee cost of our sales and marketing personnel from RMB1.1 million to RMB25.5 million; (ii) an increase in market research and market promotion from RMB0.1 million to RMB16.0 million; and (iii) an increase in share-based compensation from RMB1.3 million to RMB21.6 million.

	Year Ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**25,487**	**37.4**	1,101	31.8
Share-based compensation	**21,550**	**31.6**	1,291	37.3
Market research and market promotion	**15,964**	**23.4**	110	3.2
Others	**5,207**	**7.6**	956	27.7
Selling and Distribution Expenses	**68,208**	**100.0**	3,458	100.0

Fair value changes of convertible redeemable preferred shares

Our fair value changes of convertible redeemable preferred shares is RMB141.6 million in 2020 comparing to RMB1,814.0 million in 2019, primarily attributable to the preferred shares converting to common shares due to the IPO in the first half of 2020.

Finance Costs

Our finance costs decreased from RMB1.9 million in 2019 to RMB1.1 million in 2020, primarily due to the decrease in the transaction costs for the issue of our convertible redeemable preferred shares.

Analysis of Key Items of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,	
	2020	2019
	(RMB'000)	
CURRENT ASSETS		
Inventories	**1,878**	–
Trade receivables	**152**	37
Prepayments, other receivables and other assets	**120,563**	36,590
Financial assets measured at fair value through profit or loss	**–**	80,347
Cash and bank balances	**3,969,640**	2,291,773
Total current assets	**4,092,233**	2,408,747
CURRENT LIABILITIES		
Trade payables	**5,520**	8,197
Other payables and accruals	**85,454**	41,528
Deferred income	**6,646**	645
Lease liabilities	**6,833**	6,204
Loans from a related party	**–**	9,098
Total current liabilities	**104,453**	65,672
NET CURRENT ASSETS	**3,987,780**	2,343,075

We had net current assets of RMB3,987.8 million as of December 31, 2020, which was primarily attributable to our cash and bank balances of RMB3,969.6 million and prepayments, other receivables and other assets of RMB120.6 million, partially offset by other payables and accruals of RMB85.5 million.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets increased from RMB36.6 million as of December 31, 2019 to RMB120.6 million as of December 31, 2020, primarily due to (i) RMB28.9 million increase in deductible VAT input from RMB18.8 million as of December 31, 2019 to RMB47.7 million as of December 31, 2020; (ii) RMB18.6 million increase in interest receivable from RMB7.6 million as of December 31, 2019 to RMB26.2 million as of December 31, 2020; and (iii) RMB31.0 million increase in R&D prepayments from RMB8.2 million as of December 31, 2019 to RMB39.2 million as of December 31, 2020.

	As of December 31,	
	2020	2019
	(RMB'000)	
Value-added tax recoverable	**47,723**	18,789
Prepayments	**39,227**	8,247
Interest receivable	**26,236**	7,620
Other receivables	**7,377**	1,934
Prepayments, other receivables and other assets	**120,563**	36,590

The Property, Plant and Equipment

The property, plant and equipment increased from RMB48.5 million as of December 31, 2019 to RMB306.4 million as of December 31, 2020, which is mainly caused by Guangzhou InnoCare construction in progress achieving major progress.

Guangzhou InnoCare is located at 18 Kangzhao San Road, Huangpu, Guangzhou, China, with a land site and gross floor area of approximately 83,000 square meters and 65,000 square meters, respectively. The current construction plan of Guangzhou InnoCare comprises two stages. As at the date of this announcement, we have completed stage one, and stage two is expected to be completed in the first half of 2023. Guangzhou InnoCare is owned as to 93% by the Company. It is estimated that the construction costs of stage two of Guangzhou InnoCare would be approximately RMB200 million, which will be paid out of the Group's working capital.

Trade Receivables

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**152**	37

The Group's trade receivables are caused by providing testing service, and our trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables are immaterial and relate to several customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**152**	37

Trade Payables

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**3,987**	8,197
3 to 6 months	**382**	–
6 to 12 months	**1,086**	–
Over 12 months	**65**	–
	5,520	8,197

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

Other Payables and Accruals

Our other payables and accruals increased from RMB41.5 million as of December 31, 2019 to RMB85.5 million as of December 31, 2020, primarily due to (i) an increase in payables for property, plant and equipment from RMB16.1 million as of December 31, 2019 to RMB30.7 million as of December 31, 2020; (ii) an increase in accrual payables from nil as of December 31, 2019 to RMB23.9 million as of December 31, 2020; and (iii) an increase in payroll payables from RMB9.5 million as of December 31, 2019 to RMB26.3 million as of December 31, 2020.

	As of December 31,	
	2020	2019
	(RMB'000)	
Payables for property, plant and equipment	**30,746**	16,105
Payroll payables	**26,305**	9,543
Accruals	**23,902**	–
Taxes other than income tax	**1,401**	529
IPO related service payables	**–**	14,672
Others	**3,100**	679
Other Payables and Accruals	**85,454**	41,528

Indebtedness and finance lease

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,	
	2020	2019
	(RMB'000)	
Included in current liabilities		
Lease liabilities	**6,833**	6,204
Included in non-current liabilities		
Lease liabilities	**17,165**	3,394
Total indebtedness	**23,998**	9,598

Our total indebtedness increased from RMB9.6 million as of December 31, 2019 to RMB24.0 million as of December 31, 2020, due to the increase of office lease liabilities.

Convertible loan

The convertible loan increased from RMB1,117 million as of December 31, 2019 to RMB1,150 million as of December 31, 2020, which was caused by the fair value change.

Deferred income

The deferred income decreased from RMB158.0 million as of December 31, 2019 to RMB106.6 million as of December 31, 2020, due to the recognization of government grants to Guangzhou Innocare.

Key Financial Ratios

The following table sets forth our selected key financial ratio:

	As of/for the year ended December 31,	
	2020	2019
Current ratio	**39.2**	36.7

Current ratio equals current assets divided by current liabilities as of the end of the year.

The increase in current ratio was primarily due to the increase of cash and bank balances from RMB2,291.8 million as of December 31, 2019 to RMB3,969.6 million as of December 31, 2020, and increase of prepayments, other receivables and other assets from RMB36.6 million as of December 31, 2019 to RMB120.6 million as of December 31, 2020, partially offset by a decrease in financial assets measured at fair value through profit or loss from RMB80.3 million as of December 31, 2019 to nil as of December 31, 2020.

FINAL DIVIDEND

No dividend has been declared and paid by the Group for the year ended December 31, 2020.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Thursday, June 10, 2021. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 7, 2021 to Thursday, June 10, 2021, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, June 4, 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on November 3, 2015 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on March 23, 2020.

1. Compliance with the Corporate Governance Code

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

During the year ended December 31, 2020, the Company has complied with all applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules except for the following deviation.

We do not have a separate Chairperson and CEO and Dr. Jisong Cui, our CEO and Chairperson of our Board, currently performs these two roles. Our Board believes that, in view of her experience, personal profile and her roles in the Company as mentioned above, Dr. Jisong Cui is the Director best suited to identify strategic opportunities and focus of the Board due to her extensive understanding of our business as our CEO. Our Board also believes that the combined role of Chairperson and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairperson of our Board and the CEO of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of the shareholders.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2020 to be published on or before April 30, 2021.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

2. Compliance with the Model Code for Securities Transactions by Director

The Company has adopted the Model Code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended December 31, 2020. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the year ended December 31, 2020.

3. Scope of Work of the Group's Auditors

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been agreed by the Group's auditors to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2020. The work performed by the Group's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's auditors on this announcement.

4. Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises of three independent non-executive Directors, namely, Ms. Lan Hu, Dr. Zemin Zhang and Dr. Kaixian Chen. Ms. Lan Hu, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2020 and has met with the independent auditors. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee and a compensation committee.

6. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended December 31, 2020.

7. Use of Proceeds

Use of Net Proceeds from the IPO

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 Prospectus. The proceeds will be used in the following two to three years following the IPO. The time of such proceeds being fully utilized will be determined based on the Company's actual business needs and future business development. By the end of December 31, 2020, the actual use of proceeds from the IPO is HKD345.4 million, approximately 14% of the IPO proceeds.

	Use of proceeds as stated in the Prospectus *(in HKD'000) (approximate)*	Actual use of proceeds up to December 31, 2020 *(in HKD'000) (approximate)*	Net proceeds unutilized as of December 31, 2020 *(in HKD'000) (approximate)*	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**	**200,330**	**1,007,505**	**All remaining proceeds are expected to be fully utilized by the second half of 2023**
25% for our two clinical stage product candidates, ICP-192 and ICP-105	**603,917.5**	**20,157**	**583,760.5**	
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**	**53,778**	**308,572.5**	
10% for working capital and general corporate purposes	**241,567**	**71,153**	**170,414**	
	2,415,670	**345,418**	**2,070,252**	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
REVENUE	*4*	**1,364**	1,247
Cost of sales		**–**	–
Gross profit		**1,364**	1,247
Other income and gains	*4*	**271,304**	104,449
Selling and distribution expenses		**(68,208)**	(3,458)
Research and development costs		**(402,771)**	(213,123)
Administrative expenses		**(89,371)**	(63,623)
Other expenses		**(33,863)**	(159,909)
Fair value changes of convertible redeemable preferred shares		**(141,579)**	(1,814,018)
Finance costs		**(1,139)**	(1,916)
LOSS BEFORE TAX		**(464,263)**	(2,150,351)
Income tax expense	*5*	**–**	–
LOSS FOR THE YEAR		**(464,263)**	(2,150,351)
Attributable to:			
Owners of the parent		**(463,793)**	(2,141,388)
Non-controlling interests		**(470)**	(8,963)
		(464,263)	(2,150,351)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	*7*	**(RMB0.48)**	(RMB9.32)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2020

	2020	2019
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(464,263)**	(2,150,351)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(251,702)**	(34,167)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(251,702)**	(34,167)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(715,965)**	(2,184,518)
Attributable to:		
Owners of the parent	**(715,495)**	(2,175,555)
Non-controlling interests	**(470)**	(8,963)
	(715,965)	(2,184,518)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**306,398**	48,479
Right-of-use assets		**96,733**	86,311
Goodwill		**3,125**	3,125
Other intangible assets		**37,017**	37,011
Investments in joint ventures		**1,159**	1,159
Other non-current assets		**1,045**	30,861
Total non-current assets		**445,477**	206,946
CURRENT ASSETS			
Inventories		**1,878**	–
Trade receivables	*8*	**152**	37
Prepayments, other receivables and other assets		**120,563**	36,590
Financial assets at fair value through profit or loss		**–**	80,347
Cash and bank balances		**3,969,640**	2,291,773
Total current assets		**4,092,233**	2,408,747
CURRENT LIABILITIES			
Trade payables	*9*	**5,520**	8,197
Other payables and accruals		**85,454**	41,528
Deferred income		**6,646**	645
Lease liabilities		**6,833**	6,204
Loans from a related party		**–**	9,098
Total current liabilities		**104,453**	65,672
NET CURRENT ASSETS		**3,987,780**	2,343,075
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,433,257**	2,550,021
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		**–**	4,213,772
Convertible loan		**1,149,550**	1,117,176
Lease liabilities		**17,165**	3,394
Deferred income		**100,000**	157,389
Deferred tax liabilities		**6,036**	6,036
Total non-current liabilities		**1,272,751**	5,497,767
Net assets/(liabilities)		**3,160,506**	(2,947,746)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**16**	4
Reserves		**3,103,996**	(3,004,714)
		3,104,012	(3,004,710)
Non-controlling interests		**56,494**	56,964
Total equity/(deficit)		**3,160,506**	(2,947,746)

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2015. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the research and development of biological products. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited. (the "Hong Kong Stock Exchange") on March 23, 2020.

Information about the subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Ocean Prominent Limited	British Virgin Islands	US$1	100%	–	Investment holding
Sunny Investments Limited	Hong Kong	HK$1	–	100%	Investment holding
InnoCare Pharma Inc.	United States of America ("USA")	US$10,000,000	–	100%	Clinical trial
InnoCare Pharma Australia Pty Ltd.	Australia	AU$10	–	100%	Clinical trial
Beijing InnoCare Pharma Tech Co., Ltd. ("Beijing InnoCare")[(a)]	PRC/ Mainland China	US$80,000,000	–	100%	Research and development
Nanjing Tian Yin Jian Hua Pharma Tech Co., Ltd. ("Nanjing InnoCare")	PRC/ Mainland China	RMB10,000,000	–	100%	Research and development
Beijing Tiancheng Pharma Tech Co., Ltd.	PRC/ Mainland China	RMB34,290,000	–	100%	Research and development
Shanghai Tian Jin Pharma Tech Co., Ltd.	PRC/ Mainland China	RMB4,000,000	–	100%	Research and development
Guangzhou InnoCare Pharma Tech Co., Ltd. ("Guangzhou InnoCare")	PRC/ Mainland China	RMB1,000,000,000	–	93%	Biologics manufacturing
Guangzhou InnoCare Biological Tech Co., Ltd.[(a)]	PRC/ Mainland China	US$30,000,000	–	100%	Research and development

(a) Registered as a wholly-foreign-owned enterprise under PRC law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of a Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after June 1, 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended December 31, 2020, certain monthly lease payments for the leases of the Group's office and laboratory have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended December 31, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB150,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended December 31, 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group did not have interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at December 31, 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

Since the Group's revenue and operating losses were mainly from the activities related to research and development in Mainland China, and most of the Group's identifiable operating assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Revenue from each of the major customers which accounted for 10% or more of the Group's revenue during the year is set out below:

	2020	2019
	RMB'000	*RMB'000*
Customer A	**427**	254
Customer B	**133**	–
	560	254

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
– Research and development services	**1,364**	1,247
Timing of revenue recognition from contracts with customers		
– At a point in time	**1,364**	1,247

The performance obligation is satisfied upon delivery of the research and development services report and payment is generally due within 90 days from delivery.

	2020	2019
	RMB'000	*RMB'000*
Other income		
Government grants (note)	**64,439**	28,328
Bank interest income	**96,809**	72,047
Investment income from investments in wealth management products	**1,766**	3,772
	163,014	104,147
Gains		
Foreign exchange gains, net	**108,290**	302
	271,304	104,449

Note: Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities. There are no unfulfilled conditions related to these government grants.

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), Ocean Prominent Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Ocean Prominent Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment is available to Beijing InnoCare and Nanjing InnoCare, since they were recognised as High and New Technology Enterprises in 2020 and 2018, respectively, and are entitled to a preferential tax rate of 15% for a three-year period.

Australia

The subsidiary incorporated in Australia is subject to income tax at the rate of 27.5% (2019: 27.5%) on the estimated assessable profits arising in Australia during the year.

United States of America

The subsidiary incorporated in Delaware, United States is subject to statutory United States federal corporate income tax at a rate of 21% (2019: 21%). It is also subject to the state income tax in Delaware at a rate of 8.7% (2019: 8.7%) during the year.

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdictions in which the company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2020	2019
	RMB'000	*RMB'000*
Loss before tax	**(464,263)**	(2,150,351)
Tax at the statutory tax rate of 25%	**(116,066)**	(537,588)
Effect of tax rate differences in other jurisdictions	**56,820**	469,493
Preferential tax rates applicable to certain subsidiaries	**21,383**	15,736
Additional deductible allowance for qualified research and development costs	**(28,847)**	(23,986)
Tax losses not recognised	**65,368**	75,734
Expenses not deductible for tax	**1,342**	611
Tax charge at the Group's effective rate	**–**	–

The Group has tax losses arising in Mainland China of RMB837,041,000 that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

6. DIVIDEND

No dividends have been declared and paid by the Company for the year ended December 31, 2020 (2019: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share amounts attributable to ordinary equity holders of the parent is based on the following data:

	Year ended December 31	
	2020	2019
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(463,793)**	(2,141,388)

	2020	2019
	Number of shares	Number of shares
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**967,576**	229,727

The computation of basic and diluted loss per share for the years ended December 31, 2020 and 2019 excluded the unvested share options and restricted stock units of the Company.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2020 and 2019 in respect of a dilution as the impact of the conversion of the convertible redeemable preferred shares, the exercise of share options and restricted stock units, or the convertible loan had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the years ended December 31, 2020 and 2019 are the same as the basic loss per share amounts.

8. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**152**	37

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables are immaterial and relate to several customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**152**	37

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**3,987**	8,197
3 to 6 months	**382**	–
6 to 12 months	**1,086**	–
Over 12 months	**65**	–
	5,520	8,197

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

10. EVENTS AFTER THE REPORTING PERIOD

On 16 March 2021, the Group granted 2,000,000 RSUs which shall be vested at an exercise price of US$0.055 to certain eligible individuals under the 2016 Global Share Plan and 2,680,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Global Share Plan.

On 23 March 2021, the Group granted 280,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Global Share Plan.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.innocarepharma.com. The annual report of the Group for the year ended December 31, 2020 will be published on the aforesaid websites of the Stock Exchange and the Company, and will be dispatched to the Company's shareholders on or before April 30, 2021.

GLOSSARY AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Audit Committee"	the audit committee of the Board
"ALL"	Acute Lymphoblastic Leukemia
"AML"	Acute Myeloid Leukemia
"ASH"	American Society of Hematology
"Ba/F3"	a murine interleukin-3 dependent pro-B cell line is increasingly popular as a model system for assessing both the potency and downstream signaling of kinase oncogenes, and the ability of small-molecule kinase inhibitors to block kinase activity
"B-cell"	a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes
"Board"	the board of directors of the company
"BTK"	Bruton's tyrosine kinase, a human enzyme encoded by the BTK gene
"CD20"	B-lymphocyte antigen CD20, a B-cell specific cellsurface molecule that is encoded by the MS4A1 gene
"CDE"	Center for Drug Evaluation, an institution under the NMPA
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"Chairperson"	chairperson of the Board

"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cholangiocarcinoma"	bile duct cancer, a type of cancer that forms in the bile ducts
"CLL"	chronic lymphocytic leukemia
"CNSL"	central nervous system lymphoma
"Company", "our Company", "the Company" or "InnoCare"	InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 3, 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"FGFR"	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors
"FL"	Follicular Lymphoma
"GCB"	germinal center B-cell, one of the subtypes of diffuse large B-cell lymphoma
"GMP"	good manufacturing practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IBD"	inflammatory bowel disease

"ICP-022" or "Orelabrutinib"	one of the Company's clinical stage drug candidates
"ICP-105"	one of the Company's clinical stage drug candidates
"ICP-192"	one of the Company's clinical stage drug candidates
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Innocare Nanjing"	Nanjing Tian Yin Jian Hua Pharm Tech Co., Ltd.
"IPO"	the initial public offering of the Company on the Hong Kong Stock Exchange
"ITP"	Immune Thrombocytopenia
"JAK"	Janus tyrosine kinase
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	March 23, 2020, being the date on which the Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LN"	Lupus Nephritis
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MS"	Multiple Sclerosis
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"NRDL"	National drug reimbursement list
"NTRK"	neurotrophic tyrosine receptor kinase

"pan-FGFR inhibitor"	pan-inhibitor of fibroblast growth factor receptor (FGFR) family
"pan-TRK inhibitor"	pan-inhibitor of tropomyosin-related kinase family
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Prospectus"	the prospectus of the Company, dated March 11, 2020, in relation of its Global Offering
"R&D"	research and development
"R/R" or "r/r"	relapsed and refractory
"Reporting Period"	year ended December 31, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"RP2D"	recommended phase 2 dose
"R-CHOP"	a combination of five drugs as first-line treatment for aggressive non-Hodgkin's lymphoma
"SD rats"	Sprague Dawley rat, is an outbred multipurpose breed of albino rat used extensively in medical and nutritional research
"Share(s)"	ordinary shares with a par value of US$0.000002 per share in the share capital of the Company
"SHP2"	a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival
"SLE"	systemic lupus erythematosus
"SLL"	small lymphocytic lymphoma
"TRK"	a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system
"TYK2"	tyrosine kinase 2
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"U.S. FDA"	U.S. Food and Drug Administration
"US$"	United States dollars, the lawful currency of the United States
"WM"	Waldenstrom's macroglobulinemia

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

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

Hong Kong, China, March 26, 2021

As at the date of this announcement, the Board 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.