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Cutia Therapeutics

科笛集团

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2487)

DISCLOSEABLE TRANSACTIONS SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

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The Board announces that on 13 June and 16 June 2023, the Company had subscribed for the Wealth Management Products in the aggregate amount of US\$63,840,000 offered by different funds, namely Alpha Generation, Clarity Point, Innovation Prosperity, Oriental Kylin and Summit View.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated in respect of each of the Subscriptions exceeds 5% but is less than 25%, each Subscription constitutes a discloseable transaction of the Company for the purpose of the Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE SUBSCRIPTIONS

The Board announces that on 13 June and 16 June 2023, the Company had subscribed for the Wealth Management Products in the aggregate amount of US\$63,840,000 offered by different funds, namely Alpha Generation, Clarity Point, Innovation Prosperity, Oriental Kylin and Summit View. The key terms of the Subscriptions are set out in the table below.

| Relevant fund | Subscription date | Product type | Principal amount of subscription (USD '000) | Term of investment | Expected annualized rate of return | Investment scope of the product | Redemption |
|-----------------------|-------------------|---------------------------------|---|--------------------|-------------------------------------|--|--|
| Alpha Generation | 13 June 2023 | Principal-and-return-guaranteed | 14,200 ^{Note} | No fixed term | Ranging from 1.5% to 4.5% per annum | Short-term high-quality money market instruments (including cash or cash equivalents), such as treasury bonds, commercial papers, bank certificates of deposit, bank acceptances, government short-term bonds etc. | Redeemable upon giving notice 5 business days in advance |
| Clarity Point | 16 June 2023 | Principal-and-return-guaranteed | 6,840 | No fixed term | Ranging from 1.5% to 4.5% per annum | Short-term high-quality money market instruments (including cash or cash equivalents), such as treasury bonds, commercial papers, bank certificates of deposit, bank acceptances, government short-term bonds etc. | Redeemable upon giving notice 5 business days in advance |
| Innovation Prosperity | 13 June 2023 | Principal-and-return-guaranteed | 14,200 | No fixed term | Ranging from 1.5% to 4.5% per annum | Short-term high-quality money market instruments (including cash or cash equivalents), such as treasury bonds, commercial papers, bank certificates of deposit, bank acceptances, government short-term bonds etc. | Redeemable upon giving notice 5 business days in advance |
| Oriental Kylin | 13 June 2023 | Principal-and-return-guaranteed | 14,200 | No fixed term | Ranging from 1.5% to 4.5% per annum | Short-term high-quality money market instruments (including cash or cash equivalents), such as treasury bonds, commercial papers, bank certificates of deposit, bank acceptances, government short-term bonds etc. | Redeemable upon giving notice 5 business days in advance |
| Summit View | 16 June 2023 | Principal-and-return-guaranteed | 14,400 | No fixed term | Ranging from 1.5% to 4.5% per annum | Short-term high-quality money market instruments (including cash or cash equivalents), such as treasury bonds, commercial papers, bank certificates of deposit, bank acceptances, government short-term bonds etc. | Redeemable upon giving notice 5 business days in advance |

Note:

As at the date of subscription, the Company had subscribed for another wealth management product offered by Alpha Generation on 19 May 2023 in the amount of USD200,000, which had subsequently been redeemed in full on 20 June 2023.

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirmed that the considerations of the Subscriptions were determined on the basis of commercial terms negotiated at arm's length between the Company and each of Alpha Generation, Clarity Point, Innovation Prosperity, Oriental Kylin and Summit View, having considered the then available surplus cash of the Company for treasury management purpose.

REASONS FOR AND BENEFITS OF SUBSCRIBING FOR THE WEALTH MANAGEMENT PRODUCTS

Each of the Wealth Management Products is characterized by its nature of principal-and-return-guaranteed, and the Subscriptions were funded by the Group's surplus cash reserves (and not by the proceeds from the Global Offering) for treasury management purpose in order to maximize its return on the surplus capital. Given that the Wealth Management Products can be redeemed flexibly, such utilisation does not cause any adverse impact on the operation and liquidity of the Company. The Directors consider that subscription in wealth management products is conducive to enhancing the utilization efficiency of capital and increasing income from idle funds of the Company. As such, the Directors are of the view that the terms of each Subscription are fair and reasonable, and are on normal commercial terms and the Subscriptions are in the interests of the Company and the Shareholders as a whole. The Company has implemented adequate and appropriate internal control procedures to ensure the Subscriptions would not affect the working capital or the operations of the Company, and that such investments would be conducted on the principle of protecting the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2019. The Company and its subsidiaries are principally engaged in developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

Alpha Generation

Alpha Generation is a segregated portfolio established under Alpha Generation Fund SPC. Alpha Generation Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 25 April 2022, which is ultimately controlled by Wu Tiejun. Alpha Generation is principally engaged in the management and investment of assets denominated in US dollars.

Clarity Point

Clarity Point is a segregated portfolio established under Clarity Point Fund SPC. Clarity Point Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 18 May 2023, which is ultimately controlled by Yuan Chuanming. Clarity Point is principally engaged in the management and investment of assets denominated in US dollars.

Innovation Prosperity

Innovation Prosperity is a segregated portfolio established under Innovation Prosperity Fund SPC. Innovation Prosperity Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 13 May 2022, which is ultimately controlled by Liu Tongfu. Innovation Prosperity is principally engaged in the management and investment of assets denominated in US dollars.

Oriental Kylin

Oriental Kylin is a segregated portfolio established under Oriental Kylin Fund SPC. Oriental Kylin Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 17 May 2022, which is ultimately controlled by Li Hongwei. Oriental Kylin is principally engaged in the management and investment of assets denominated in US dollars.

Summit View

Summit View is a segregated portfolio established under Summit View Fund SPC. Summit View Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 18 May 2023, which is ultimately controlled by Fu Shengwei. Summit View is principally engaged in the management and investment of assets denominated in US dollars.

As of the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Alpha Generation, Clarity Point, Innovation Prosperity, Oriental Kylin, Summit View and their respective ultimate controller and beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated in respect of each of the Subscriptions exceeds 5% but is less than 25%, each Subscription constitutes a discloseable transaction of the Company for the purpose of the Listing Rules and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of the Wealth Management Products as and when such obligation arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional oversight. The failure to make timely disclosure was due to a misunderstanding that the nature of these Wealth Management Products was akin to a bank deposit, which would not constitute transaction(s) as defined under Chapter 14 of the Listing Rules, taking into account the flexible redemption nature of the Wealth Management Products. Recently, upon preparation of the Company's interim results announcement, the relevant internal departments revisited the relevant transactions, and sought advice from the Board and professional advisers on the Listing Rules implications. Accordingly, the Company is advised to and hereby publishes this announcement to inform the Shareholders of the Subscriptions as soon as practicable.

REMEDIAL ACTIONS

The Company acknowledges its non-compliance with the Listing Rules but would like to stress that such delay in compliance with the Listing Rules was inadvertent and unintentional. The Company has no intention to withhold any information relating to the Subscriptions from disclosure to the public. To prevent the recurrence of similar incidents in the future, the Company has implemented and/or will implement the following remedial actions:

- (1) in preparing for the interim results announcement for the six months ended 30 June 2023, the Company has conducted a comprehensive review and self-examination of the purchase of wealth management products since the Listing Date, and hereby makes this announcement on the Wealth Management Products that should have been disclosed but were not previously disclosed;
- (2) with the assistance of the compliance adviser and legal advisers, the Company further understands the nature of a wealth management product and will remind the responsible staff, senior management and Directors and strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirements under the Listing Rules and potential problems at an early stage to avoid the recurrence of such matters;
- (3) the Company will circulate a detailed guideline relating to notifiable and connected transactions under the Listing Rules and offer more regular training to remind the responsible staff, senior management and Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at an early stage;
- (4) the Company will strengthen the coordination and reporting arrangements for notifiable transactions and emphasize the importance of compliance with the Listing Rules; and
- (5) the Company will work more closely with its internal legal and compliance department on compliance issues; and shall, as and when appropriate and necessary, consult other professional advisers before entering into any potential notifiable transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of a proposed transaction. Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

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| “Alpha Generation” | Alpha Generation Fund SPC (on behalf of Alpha Plus Fund SP); Alpha Generation Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 25 April 2022 |
| “Board” | the board of directors of the Company |
| “Company” | Cutia Therapeutics (科笛集团), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 15 May 2019 |
| “connected person” | has the same meaning ascribed to it under the Listing Rules |
| “Clarity Point” | Clarity Point Fund SPC (on behalf of Clarity Point I Fund SP); Clarity Point Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 18 May 2023 |
| “Directors” | director(s) of the Company |
| “Global Offering” | the Hong Kong public offering and the international offering of the Shares |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Innovation Prosperity” | Innovation Prosperity Fund SPC (on behalf of Novelty Inspiration Fund SP); Innovation Prosperity Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 13 May 2022 |
| “Listing Date” | 12 June 2023, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “Oriental Kylin” | Oriental Kylin Fund SPC (on behalf of Phoenix Fund SP); Oriental Kylin Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 17 May 2022 |

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| “PRC” | the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan |
| “Share(s)” | ordinary share(s) with nominal value of US\$0.00002 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription(s)” | Subscription(s) of the Wealth Management Product(s) by the Company |
| “subsidiary(ies)” | has the same meaning ascribed to it under the Listing Rules |
| “Summit View” | Summit View Fund SPC (on behalf of Distant View Fund SP); Summit View Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 18 May 2023 |
| “US\$” or “US dollar(s)” | United States dollars, the lawful currency of the United States of America |
| “Wealth Management Products” | the wealth management products offered by: (i) Alpha Generation; (ii) Clarity Point; (iii) Innovation Prosperity; (iv) Oriental Kylin; and (v) Summit View, and subscribed for by the Company, the details of which are set out in this announcement |
| “%” | per cent |

By order of the Board
Cutia Therapeutics
Zhang Lele
Chief Executive Officer and Executive Director

Hong Kong, 28 August 2023

As at the date of this announcement, the Board comprises (i) Ms. Zhang Lele and Mr. Huang Yuqing as executive Directors; (ii) Dr. Chen Lian Yong, Dr. Xie Qin, Dr. Huang Xiao, Ms. Yang Yunxia as non-executive Directors; and (iii) Mr. Chung Ming Kit, Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang as independent non-executive Directors.