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VIVA BIOTECH HOLDINGS
维亚生物科技控股集团

(Incorporated in the Cayman Islands as an exempted company with limited liability)
(Stock code: 1873)

PROPOSED ISSUE OF US\$280 MILLION 1.00%
GUARANTEED CONVERTIBLE BONDS DUE 2025

J.P.Morgan

*(Lead Left Bookrunner and
Lead Left Global Coordinator)*

CREDIT SUISSE

(Joint Global Coordinator)

Joint Bookrunners

J.P.Morgan

CREDIT SUISSE

CICC
中金公司

HSBC

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

On December 17, 2020 (after trading hours), the Issuer, the Company and the Managers entered into the Subscription Agreement, pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, and the Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in a principal amount of US\$280 million, guaranteed by the Company.

The Bonds are, in the circumstances set out in the Terms and Conditions, convertible into Conversion Shares. The initial Conversion Price is HK\$11.6370 per Conversion Share, which represents (i) a premium of 35.0% over the last closing price of HK\$8.62 per Share as quoted on the Hong Kong Stock Exchange on December 17, 2020 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 39.4% over the average closing price of HK\$8.35 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including December 17, 2020.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$11.6370 per Share, the Bonds will be convertible into 186,519,893 Conversion Shares, representing approximately 9.75% of the total issued share capital of the Company as at the date of this announcement and approximately 8.88% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The gross proceeds from the Subscription of the Bonds will be US\$280 million. The Company intends to use the proceeds from the Subscription in the manner detailed in the paragraph headed “Use of Proceeds”.

The Conversion Shares which may fall to be allotted and issued by the Company upon the exercise of the conversion rights under the Bonds will be issued pursuant to the general mandate granted to the Board by the Shareholders at the general meeting of the Company held on June 10, 2020. The subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to further Shareholders’ approval.

The Enterprise Foreign Debt Pre-Issuance Registration Certificate from the NDRC in relation to the issuance of the Bonds has been obtained.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares to be allotted and issued upon conversion of the Bonds.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances.

As the transactions envisaged under the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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SUBSCRIPTION AGREEMENT

Date

December 17, 2020

Parties

1. Viva Biotech as issuer;
2. The Company as guarantor; and
3. J.P. Morgan Securities plc, Credit Suisse (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited (collectively the “**Managers**”, and each a “**Manager**”)

Subscription

Subject to the satisfaction of the conditions set out below in the section headed “Conditions precedent”, the Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in a principal amount of US\$280 million. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of the Managers is a third party independent of the Company and is not a connected person of the Company.

Conditions precedent

The obligations of the Managers to subscribe and pay for the Bonds are conditional on:

1. **Due Diligence:** the Managers being satisfied with the results of its due diligence investigations with respect to the Issuer, the Guarantor and their respective subsidiaries and the Offering Circular having been prepared in form and content satisfactory to the Managers;
2. **Other Contracts:** the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form satisfactory to the Managers, by the respective parties;

3. **Lock-up:** Mr. Mao Chen Cheney having each executed a valid, binding and enforceable lock-up agreement on or before the Closing Date in the form set out in the Subscription Agreement;
4. **Comfort Letters:** upon the Publication Date and on the Closing Date, there having been delivered to the Managers letters, each in form and substance satisfactory to the Managers, dated the Publication Date in the case of the first letter and dated the Closing Date in the case of the subsequent letters, and addressed to the Managers from auditors to the Guarantor;
5. **Chief Financial Officer's Certificate:** upon the Publication Date and on the Closing Date, there having been delivered to the Managers a certificate substantially in the form set out in the Subscription Agreement dated as of such date and signed by the chief financial officer of the Guarantor;
6. **Compliance:** at the Closing Date:
 - (i) the representations and warranties of the Issuer and the Guarantor in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Issuer and the Guarantor having performed all of their respective obligations under the Contracts to which they are a party to be performed on or before such date; and
 - (iii) there having been delivered to the Managers a certificate in the form set out in the Subscription Agreement, dated as of such date, of a duly authorized officer of the Issuer and the Guarantor to such effect;
7. **Material Adverse Change:** after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there not having occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Guarantor or the Group, which, in the reasonable opinion of the Managers, is material and adverse in the context of the issue and offering of the Bonds;
8. **NDRC Approval:** the NDRC having given its approval in respect of the issue of the Bonds and such approval remaining in full force and effect, and not altering the terms of any Contract, on the Closing Date, and written evidence of such approval having been given to the Managers;
9. **Other consents:** on or prior to the Closing Date, there having been delivered to the Managers copies of all consents and approvals required in relation to the issue of the Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals required from all lenders);
10. **Certificate of No Default:** on the date of the Subscription Agreement, there having been delivered to the Managers a certificate of no default in the form stipulated in the Subscription Agreement dated as of such date, of a duly authorized officer of the Issuer and the Guarantor;
11. **Listing:** the Hong Kong Stock Exchange having agreed to list the Conversion Shares and subject to any conditions reasonably satisfactory to the Managers, to list the Bonds (or, in each case, the Managers being reasonably satisfied that such listing will be granted);

12. **Legal Opinions:** on or before the Closing Date, there having been delivered to the Managers opinions of British Virgin Islands law, Cayman Islands law, PRC law and English law, in form and substance satisfactory to the Managers, each dated the Closing Date, and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Managers may reasonably require.

The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent (other than paragraph 2 above).

As at the date of this announcement, the condition precedent as set out in paragraph 10 above has been satisfied. It is the intention of the Company to satisfy or procure the satisfaction of the conditions precedent set out in the Subscription Agreement on or before the Issue Date.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Managers may, by notice to the Issuer and the Guarantor given at any time prior to payment of the net subscription monies for the Bonds to the Issuer, in its sole discretion terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Issuer's or the Guarantor's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions set out in the conditions precedent of the Subscription Agreement has not been satisfied or waived by the Managers on or prior to the Closing Date;
3. if in the opinion of the Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or the Guarantor on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange and/or any other stock exchange on which the Guarantor's securities are traded; (ii) a suspension or a material limitation in trading in the Guarantor's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Guarantor's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Hong Kong, the PRC, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC, Singapore and/or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Issuer, the Guarantor, the Bonds and the Conversion Shares to be issued upon conversion of the Bonds or the transfer thereof; or

5. if, in the opinion of the Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

The Company's lock-up

Neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the Bonds and the Conversion Shares, (ii) any Shares issued pursuant to conversion under the Existing Bonds; (iii) any Shares or options granted or issued pursuant to the Share Option Schemes and the Share Award Scheme, (iv) Shares issued by the Guarantor pursuant to the exercise of options granted under the pre-IPO share incentive schemes which are beneficially owned by employees other than directors and senior management of the Guarantor, (iv) Shares disposed of in accordance with any order made by a court of competent jurisdiction, and (v) Shares disposed of arising by operation of or required by law. In addition, the Guarantor shall procure that Mr. Mao Chen Cheney shall execute a shareholder's lock-up undertaking in the form set out in the Subscription Agreement.

Mr. Mao Chen Cheney's lock-up

Mr. Mao Chen Cheney undertakes that, for a period from the date of this Undertaking until 90 days from the Closing Date, he will not, and shall procure that Concord Trust Company LLC, any of his nominees or any other person acting on his behalf, will (except with the prior written approval of the Managers) (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Relevant Shares or securities of the same class as the Relevant Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Relevant Shares or securities of the same class as the Relevant Shares or other instruments representing interests in the Relevant Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Relevant Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of the Relevant Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, except for: (i) Shares disposed of in accordance with any order made by a court of competent jurisdiction; (ii) Shares disposed of arising by operation of or required by law; (iii) Shares disposed of following the death of Mr. Mao Chen Cheney; (iv) the 118,000,000 Relevant Shares which are subject to the securities lending agreements entered into between J.P. Morgan Securities plc with each of Chencheney Ltd, Wu and Sons Limited, and Fenghe Harvest Ltd, each dated December 17, 2020; and (v) Shares transferred to (A) the Immediate Family Members of Mr. Mao Chen Cheney, (B) any companies or entities wholly-owned by Mr. Mao Chen Cheney and/or his Immediate Family Members, and (C) a trust for tax planning purposes or to a trustee, executor, or other fiduciary for the benefit of Mr. Mao Chen Cheney and/or his Immediate Family Members for bona fide estate planning purposes, provided, that in each case, such transfer shall be effected in compliance with all applicable laws. For the purposes of this paragraph, “**Immediate Family Members**” means spouse and children.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarized as follows:

Issuer:	The Issuer
Guarantor:	The Company
Maturity Date:	December 30, 2025
Issue Price:	100% of the principal amount of the Bonds
Bonds:	US\$280 million 1.00% guaranteed convertible bonds due 2025 convertible at the option of the holder thereof into fully paid ordinary Shares of the Company of par value US\$0.000025 each at the initial conversion price of HK\$11.6370 per Share.
Shares:	Ordinary shares of par value US\$0.000025 each in the share capital of the Company.

Interest:	The Bonds bear interest from and including December 30, 2020 at the rate of 1.00% per annum payable semi-annually in arrear on June 30 and December 30 in each year.
Status:	The Bonds will constitute direct, unconditional, unsubordinated and (subject to condition 4(a) of the Terms and Conditions), unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds and of the Guarantor under the Guarantee shall, save as such exceptions as may be provided by mandatory provisions of applicable law and subject to condition 4(a) of the Terms and Conditions, at all times rank at least equally with all of their respective other present and future unsecured and unsubordinated obligations;
Form and denomination:	The Bonds will be issued in registered form in denominations of US\$200,000 each and integral multiples of US\$100,000 in excess thereof.
Conversion period:	Subject to and upon compliance with the Terms and Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof at any time on or after February 9, 2021 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (but except as provided in Condition 6(a)(iv) and Condition 10 of the Terms and Conditions), or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 15 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to the terms set out in Terms and Conditions then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.
Conversion Price:	The price at which Shares will be issued upon conversion will initially be HK\$11.6370 per Share but will be subject to adjustments for the following events as set out in the terms of the Bonds: (a) consolidation, subdivision, redesignation or reclassification; (b) capitalization of profits or reserves; (c) distributions; (d) rights issues of Shares or options over Shares at less than 95% of the current market price per Share; (e) rights issues of other securities; (f) issues at less than 95% of the current market price; (g) other issues at less than 95% of the current market price; (h) modification of rights of conversion at less than 95% of the current market price; (i) other offers to Shareholders and (j) other events as described in the Terms and Conditions.

In addition, if a Change of Control shall occur, the Company shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of conversion rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

where:

“**NCP**” means the new Conversion Price after adjustment.

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date in respect of any conversion to which this provision is applicable.

“**CP**” means 35.0% expressed as a fraction.

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date.

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date.

The Company has maintained appropriate procedures to keep track of the number of Shares to be issued pursuant to the General Mandate, including keep records of the change of share capital, repurchase of shares and the number of Conversion Shares issued and issuable under the terms of the Bonds on a timely basis. As all the adjustment events other than the Change of Control are within the Company’s control, it will not take corporate actions that would result in the number of Conversion Shares exceeding the limit of the General Mandate.

Ranking of Conversion
Shares:

The Shares issued upon exercise of the Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant registration date.

Redemption at maturity:	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at 105.23% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.
Redemption for taxation reasons:	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and the Principal Agent at their Early Redemption Amount, together with interest accrued but unpaid to but excluding such date, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Cayman Islands or the PRC or in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after December 17, 2020, and (ii) such obligation cannot be avoided by the Issuer (or as the case may be, the Guarantor) taking reasonable measures available to it, provided that no tax redemption notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or as the case may be, the Guarantor) would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due. Upon the expiry of the tax redemption notice, the Issuer will be bound to redeem the Bonds at their Early Redemption Amount, together with interest accrued but unpaid to but excluding the tax redemption date, provided that redemption under this clause may not occur within seven days of the end of a closed period, but otherwise may occur when the conversion right is expressed in Terms and Conditions to be exercisable.

Redemption at the option of the Issuer:

On giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing and the Trustee and the Principal Agent (which notice will be irrevocable), the Issuer:

- (i) may at any time on or after January 9, 2024 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the Early Redemption Amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, provided that the closing price of the Shares (derived from the Daily Quotations Sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange and translated into US dollars at the Prevailing Rate) for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption, is published was at least 130 per cent. of the applicable Early Redemption Amount for each Bond divided by the Conversion Ratio (as defined below) then applicable; or
- (ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their Early Redemption Amount, together with interest accrued but unpaid to but excluding the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

“Conversion Ratio” is equal to the principal amount of each Bond divided by the Conversion Price (translated into US dollars the fixed rate of HK\$7.7519 = US\$1.00) then in effect immediately prior to the date upon which notice of such redemption is given.

Redemption at the option of the Bondholders

The Issuer will, at the option of the holder of any Bond redeem all or some only of such holder's Bonds on December 30, 2023 at 103.08% of its principal amount, together with interest accrued but unpaid to (but excluding) such date.

Redemption for Delisting or Change of Control:

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event redemption date at their Early Redemption Amount, together with interest accrued but unpaid to (but excluding) the date fixed for redemption.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Hong Kong Stock Exchange or, if applicable, an alternative stock exchange (a “**Delisting**”); or
- (ii) when there is a Change of Control.

Early Redemption Amount: “Early Redemption Amount” for each US\$200,000 principal amount of the Bonds means the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount a gross yield of 2.00% per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each US\$200,000 principal amount of Bonds is calculated in accordance with the formula as set out in the Terms and Conditions.

Negative Pledge: So long as any Bond remains outstanding, neither the Issuer nor the Guarantor will, and the Issuer and the Guarantor shall procure that none of their respective subsidiaries will, create or permit to subsist any encumbrance upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness or to secure any guarantee of or indemnity in respect of any relevant indebtedness unless, at the same time or prior thereto the Bonds are secured (a) equally and rateably therewith or (b) by such other security, guarantee, indemnity or other arrangement as either (i) the Trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an extraordinary resolution of the Bondholders.

SECURITIES LENDING ARRANGEMENT

In connection with the proposed issue of the Bonds, J.P. Morgan Securities plc (the “**Borrower**”) as borrower has entered into a securities lending agreement with each of Chencheney Ltd, Wu and Sons Limited and Fenghe Harvest Ltd (collectively, the “**Lenders**”), each dated 17 December 2020 (collectively, the “**Securities Lending Agreements**”), to allow the Lenders to provide stock lending to the Borrower in respect of 118,000,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreements.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$11.6370 per Conversion Share, which represents (i) a premium of 35.0% over the last closing price of HK\$8.62 per Share as quoted on the Hong Kong Stock Exchange on December 17, 2020 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 39.4% over the average closing price of HK\$8.35 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including December 17, 2020.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Issuer, the Company and the Managers. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$11.6370 per Share, the Bonds will be convertible into approximately 186,519,893 Shares, representing approximately 9.75% of the total issued share capital of the Company as at the date of this announcement and approximately 8.88% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The Conversion Shares have a nominal value of US\$0.000025 each share and a market value of approximately HK\$1,607,801,478, based on the closing price of HK\$8.62 on December 17, 2020. The net price of each Conversion Share to the Company based on the estimated net proceeds of approximately US\$276 million and 186,519,893 Conversion Shares resulting from the conversion of the Bonds, is estimated to be approximately HK\$11.47.

PLACEES

The Managers have informed the Company that the Bonds will be offered to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) is not a connected person of the Company before and immediately after the completion of the issuance of the Bonds.

EFFECT ON SHAREHOLDINGS

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement and (ii) upon the exercise in full of the Conversion Rights attached to the Bonds:

	As at the date of this announcement		Upon full conversion of the Bonds at the initial Conversion Price of HK\$11.6370 per Share	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Mao Chen Cheney ⁽¹⁾	482,043,527	25.19%	482,043,527	22.95%
Hua Fengmao ⁽²⁾	127,901,611	6.68%	127,901,611	6.09%
Mao Jun ⁽³⁾	215,364,950	11.25%	215,364,950	10.25%
Wu John Jiong ⁽⁴⁾	234,262,092	12.24%	234,262,092	11.15%
Wu Ying ⁽⁵⁾	20,664,627	1.08%	20,664,627	0.98%
Ren Delin ⁽⁶⁾	9,553,317	0.50%	9,553,317	0.45%
Other Public Shareholders	824,032,405	43.06%	824,032,405	39.23%
Bondholders	—	—	186,519,893	8.88%
Total	<u>1,913,822,529</u>	<u>100.00%</u>	<u>2,100,342,422</u>	<u>100.00%</u>

Notes:

1. Mr. Mao Chen Cheney is the settlor and trustee of the Mao Investment Trust and is interested in the Shares held by him in his capacity as trustee of the Mao Investment Trust. Also Mr. Mao is the investment manager of the Min Zhou 2018 Family Trust and the manager of MZFT, LLC who exercises the voting rights of the Shares directly held by MZFT, LLC. Mr. Mao is also a beneficiary of Min Zhou 2018 Family Trust, CCMFT Trust Scheme and The Chen Mao Charitable Remainder Trust. Mr. Mao Chen Cheney is the spouse of Ms. Zhou Min. Under the Securities and Futures Ordinance (Cap. 571), they are deemed to be interested in the same number of Shares in which the other person is interested in.
2. Mr. Hua Fengmao holds 100.00% equity interest in China Finance Strategies Investment DB Limited. Therefore, Mr. Hua Fengmao is deemed to be interested in the Shares directly held by China Finance Strategies Investment DB Limited.
3. Each of Mao and Sons Limited, and Zhang and Sons Limited is indirectly wholly-owned by Intertrust (Singapore) Ltd. as the trustee of the Z&M Trust (whose interest is held through Z&M International Holdings Limited). Each of JL and JSW Holding Limited, MENGL Holding Limited, TIANL Holding Limited and VVBI Limited is indirectly wholly-owned by Intertrust (Singapore) Ltd. as the trustee of the VVBI Trust (whose interest is held through VVBI Holdings Limited). Each of the Z&M Trust and the VVBI Trust is a revocable family trust set up by Ms. Mao Jun as settlor and protector. Ms. Mao Jun is also a beneficiary of the relevant family trusts. Therefore, Ms. Mao Jun is deemed to be interested in the Shares directly held by each of Mao and Sons Limited, Zhang and Sons Limited, JL and JSW Holding Limited, MENGL Holding Limited, TIANL Holding Limited and VVBI Limited. Ms. Mao Jun is also a beneficiary of Mao Investment Trust.
4. Mr. John Wu Jiong holds 100.00% equity interest in each of Fenghe Harvest Ltd and Wu and Sons Limited. In addition, Mr. John Wu Jiong holds 45.00% equity interest in Fenghe Canary Limited. Therefore, Mr. John Wu Jiong is deemed to be interested in the Shares directly held by Fenghe Harvest Ltd, Wu and Sons Limited and Fenghe Canary Limited.

5. Mr. Wu Ying is the spouse of Ms. Zhao Huixin. Under the Securities and Futures Ordinance (Cap. 571), Mr. Wu Ying is deemed to be interested in the same number of Shares in which Ms. Zhao Huixin is interested in.
6. Mr. Ren Delin is a beneficiary of Vivastar Trust Scheme.

USE OF PROCEEDS

The net proceeds from the Subscription will be US\$276 million. The Group intends to apply the proceeds from the Bonds for business development and expansion including refinancing of the acquisition cost of 80% of equity interest in Zhejiang Langhua Pharmaceutical Co., Ltd., as well as other working capital and general corporate purposes.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Board considers that the issue of the Bonds represents an opportunity to obtain a pool of readily available funds that can better support business expansion of the Company in the long run. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development and expansion of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the issue of the Bonds are made on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE FOR THE ISSUE OF THE BONDS AND THE CONVERSION SHARES

At the general meeting of the Company held on June 10, 2020, a special resolution was passed to grant a general mandate (the “**General Mandate**”) to the Directors to issue, allot, or deal with additional Shares not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately as at the date of this resolution.

The Conversion Shares will be allotted and issued by the Company pursuant to the General Mandate. The issue of the Bonds and the Conversion Shares by the Company is not subject to further Shareholders’ approval.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds	Unused proceeds
July 3, 2020; July 10, 2020	Placing of new shares	Approximately HK\$1,050.73 million	1) approximately 70% of the net proceeds towards business development and expansion, mainly for the investment and acquisition of downstream business (including small molecule CMO, large molecule CMO and other complementary business); and	(i) approximately RMB661.5 million used for business development and expansion (partial payment of the acquisition of 80% of equity interest in Zhejiang Langhua Pharmaceutical Co., Ltd.)	approximately RMB2.3 million expected to be fully utilized by December 31, 2020
			2) any remaining amounts towards other working capital and general corporate purposes.	(ii) approximately RMB207.4 million used for other working capital and general corporate purposes	approximately RMB77.1 million expected to be fully utilized by January 31, 2021

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds	Unused proceeds
January 22, 2020; January 23, 2020; February 5, 2020; February 11, 2020	Issuance of convertible bonds	Approximately US\$177.4 million	1) approximately 70% of the net proceeds towards business development and expansion; and	(i) approximately RMB268.6 million used for business development and expansion	the remaining expected to be fully utilized for (i) the investment of a project company which will construct and establish a medical chemistry research and development laboratory and an accompanying analytical laboratory in Hangzhou as set out in the Company's announcements dated September 22, 2020; and (ii) the acquisition of Synthesis Med Chem (Hong Kong) Limited as set out in the Company's announcement dated September 21, 2020
			2) any remaining amounts towards other working capital and general corporate purposes.	(ii) approximately RMB215.2 million used for other working capital and general corporate purposes	approximately RMB135.0 million expected to be fully utilized by December 31, 2021

Save as disclosed above, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

GENERAL INFORMATION

The Group provides structure-based drug discovery services to biotechnology and pharmaceutical customers worldwide for their preclinical stage innovative drug development. The services of the Group cover the full spectrum of customers' needs for early stage drug discovery, including target protein expression and structure research, hit screening, lead optimization and drug candidate determination.

APPROVALS RECEIVED AND APPLICATION FOR LISTING

The Enterprise Foreign Debt Pre-Issuance Registration Certificate from NDRC in relation to the issuance of the Bonds has been obtained.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares to be allotted and issued upon conversion of the Bonds.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances.

As the transactions envisaged under the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	means the paying, conversion and transfer agency agreement in respect of the Bonds to be entered into between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as principal paying and conversion agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent, and the other paying, conversion and transfer agents appointed thereunder on or around the Issue Date
“Board”	means the board of Directors of the Company
“Bondholder(s)”	means holder(s) of the Bond(s) from time to time
“Bonds”	means US\$280 million 1.00% guaranteed convertible bonds due 2025 convertible at the option of the holder thereof into fully paid ordinary Shares of the Company of par value US\$0.000025 each at the initial Conversion Price of HK\$11.6370 per Share.
“Change of Control”	means the occurrence of one or more of the following events: <ul style="list-style-type: none">(a) the Permitted Shareholders cease to hold (directly or indirectly, and which ownership shall include, for the avoidance of doubt, any Shares loaned pursuant to the securities lending agreement dated December 17, 2020 entered into between J.P. Morgan Securities plc and Chencheney Ltd) in aggregate at least 30% of the shares of the Guarantor;(b) any person or persons, acting together, (other than the Permitted Shareholders) acquires Control of the Guarantor;

	<p>(c) any person or persons, acting together, (other than the Permitted Shareholders) hold more shares of the Guarantor than the Permitted Shareholders; or</p> <p>(d) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Guarantor or the successor entity;</p>
“Closing Date”	means December 30, 2020
“CMO”	means Contract Manufacturing Organization, a company that serves other companies in the pharmaceutical industry on a contact basis to provide comprehensive drug manufacturing services
“Company”	means Viva Biotech Holdings (维亚生物科技控股集团), an exempted company with limited liability incorporated in the Cayman Islands on August 27, 2008
“connected person”	means has the meaning ascribed to it under the Listing Rules
“Contracts”	means the Subscription Agreement, the Trust Deed and the Agency Agreement
“Control”	means (a) the acquisition or control of more than 50% of the Voting Rights of the issued share capital of the Guarantor, or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise
“Conversion Price”	means the price per Conversion Share (subject to adjustments) at which the Bonds may be converted into the Shares
“Conversion Right”	means the right of a Bondholder to convert any Bond into Shares
“Conversion Share(s)”	means the Share(s) to be issued upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“CRO”	means Contract Research Organization
“Delisting”	means when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange
“Director(s)”	means the director(s) of the Company

“Existing Bonds”	the existing US\$180,000,000 2.50 per cent. Guaranteed Convertible Bonds due 2025 (ISIN: XS2101337124) issued by Viva Incubator Investment Management Limited (維亞孵化器投資管理有限公司) and guaranteed by the Guarantor
“Group”	means the Company and its subsidiaries
“Guarantee”	means the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds has been unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor in that respect are contained in the Trust Deed.
“Guarantor”	means the Company
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Issuer” or “Viva Biotech”	means Viva Biotech Investment Management Limited, a wholly-owned subsidiary of the Company
“Issue Date”	means December 30, 2020
“Managers”	means J.P. Morgan Securities plc, Credit Suisse (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	means December 30, 2025
“NDRC”	means the National Development and Reform Commission of the PRC
“Offering”	means the Bonds being offered and sold in an offering outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933
“Offering Circular”	means the offering circular to be prepared by the Company in connection with the issue of the Bonds and the listing of the Bonds on the Hong Kong Stock Exchange

“Permitted Shareholders”	means the aggregate shareholding of Mr. Mao Chen Cheney, Ms. Mao Jun and: <ul style="list-style-type: none"> (a) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr. Mao Chen Cheney and Ms. Mao Jun; or (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are Mr. Mao Chen Cheney, Ms. Mao Jun and/or such other Persons referred to in paragraph (a) above;
“PRC”	means the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Prevailing Rate”	means, in respect of any currency on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.
“Principal Agent”	means The Bank of New York Mellon, London Branch
“Publication Date”	means the publication date of the Offering Circular, which is dated no later than three business days prior to the Issue Date or such other date as may be agreed between the Issuer, the Company and the Managers
“Relevant Page”	means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters page or such other information service provider that displays the relevant information
“Relevant Shares”	means an aggregate of 482,043,527 Shares, representing approximately 25.19% of the issued share capital of the Company, controlled by Mr. Mao Chen Cheney, as at the date of the lock-up undertaking
“RMB”	means renminbi, the lawful currency of the PRC
“Shares”	means the shares of the Company
“Shareholders”	means the holders of the Shares
“Share Award Scheme”	means the share award scheme adopted by the Guarantor, the terms of which were described in the interim report of the Company for the six months ended June 30, 2019

“Share Option Schemes”	means the share option schemes adopted by the Guarantor, the terms of which were described in the interim report of the Company for the six months ended June 30, 2019
“Subscription”	means the issue and subscription of the Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	means the subscription agreement dated 17 December 2020 entered into between the Issuer, the Company and the Managers in connection with the issue and subscription of the Bonds
“Terms and Conditions”	means the terms and conditions of the Bonds
“Trust Deed”	means the trust deed constituting the Bonds to be entered into between the Issuer, the Guarantor and the Trustee on or around the Issue Date
“Trustee”	means The Bank of New York Mellon, London Branch
“United States”	means the United States of America
“U.S. Securities Act”	means the United States Securities Act of 1933 (as amended)
“US\$” or “USD”	means US dollar(s), the lawful currency of the United States
“Voting Rights”	means the right generally to vote at a general meeting of shareholders of the Guarantor (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency)
“%”	means percentage

By Order of the Board
Viva Biotech Holdings
Mao Chen Cheney
Chairman and Chief Executive Officer

Hong Kong, December 18, 2020

As at the date of this announcement, the Board of the Company comprises Mr. Mao Chen Cheney, Mr. Wu Ying, Mr. Hua Fengmao and Mr. Ren Delin as executive Directors, Ms. Sun Yanyan as non-executive Director and Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang as independent non-executive Directors.