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杭州啓明醫療器械股份有限公司

Venus Medtech (Hangzhou) Inc.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2500)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

***Sole Global Coordinator,
Lead Bookrunner and
Joint Lead Manager***

Goldman Sachs 高盛

***Joint Bookrunner and
Joint Lead Manager***

 **UBS**

The Board is pleased to announce that on January 22, 2021 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents in relation to the placing of an aggregate of 18,042,500 new H Shares at the Placing Price of HK\$80.08 per Placing Share to no less than six professional, institutional and/or individual investors which are not connected persons of the Company.

The Placing Shares represent approximately 4.36% and 4.27%, respectively, of the total issued H Shares of the Company and the total issued Shares of the Company prior to the Placing, and approximately 4.18% and 4.09%, respectively, of the total issued H Shares and the total issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares).

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$1,445 million and the aggregate net proceeds from the Placing are expected to be approximately HK\$1,427 million after deducting the expenses of the Placing. The Company intends to use the net proceeds from the Placing for (i) accelerating the development and research of the Company's product candidates, including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies; (ii) development of and investment in other new technologies; and (iii) working capital and other general corporate purposes.

The Placing Shares will be allotted and issued under the General Mandate.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: January 22, 2021 (before trading hours of the Hong Kong Stock Exchange)

Parties: (i) The Company; and
(ii) The Placing Agents.

PLACING

The Company has appointed the Placing Agents as its agents for the Placing and the Placing Agents have agreed to act as agents for the Company to procure, on a best effort basis, subscribers to subscribe for the Placing Shares at the Placing Price on the terms and subject to the conditions of the Placing Agreement. The Placing Shares will be allocated to no less than six professional, institutional and/or individual investors which are not connected persons of the Company. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon the Completion.

NUMBER OF PLACING SHARES

The Placing Shares comprise 18,042,500 new H Shares to be allotted and issued by the Company. The Placing Shares represent approximately 4.36% and 4.27%, respectively, of the total issued H Shares and the total issued Shares of the Company prior to the Placing and approximately 4.18% and 4.09%, respectively, of the total issued H Shares and the total issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares). The aggregate nominal value of the Placing Shares under the Placing will be RMB18,042,500.

PLACING PRICE

The Placing Price of HK\$80.08 per Placing Share represents:

- (i) a discount of approximately 2.6% to the closing price of HK\$82.20 per H Share as quoted on the Hong Kong Stock Exchange on January 21, 2021, being the last trading day immediately before the execution of the Placing Agreement;
- (ii) a premium of approximately 5.6% to the average closing price of HK\$75.86 per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including January 21, 2021; and
- (iii) a premium of approximately 7.4% to the average closing price of HK\$74.595 per H Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including January 21, 2021.

The Placing Price is exclusive of brokerage (if any), transaction fees and levies.

The net Placing Price (after deduction of the expenses of the Placing) is approximately HK\$79.10 per Placing Share.

The Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agents, was determined by reference to, amongst other things, the above recent trading prices of the H Shares and the current market conditions.

INDEPENDENCE OF THE PLACING AGENTS AND THE PLACEES

The Placing Shares will be placed and underwritten by the Placing Agents to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

To the best of the knowledge, information and belief of the Directors, the Placing Agents and the Placees procured by the Placing Agents and their ultimate beneficiary owners are third parties independent of the Company and are not connected persons of the Company.

CONDITIONS OF THE PLACING

Completion of the Placing is conditional upon the fulfillment or waiver (save for item (f) below which cannot be waived) of the following conditions:

- (a) before the Completion, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (ii) any suspension or limitation of trading (a) in any of the Company's securities by the Hong Kong Stock Exchange (save and except for any trading halt in relation to the Placing), or (b) generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
 - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the PRC, Japan, Singapore, the U.S., the United Kingdom, any other member of the European Economic Area or any other jurisdiction relevant to the Group or the Placing (together, the **"Relevant Jurisdictions"**, and each a **"Relevant Jurisdiction"**) of a national emergency or war or other calamity or crisis; or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in any Relevant Jurisdiction and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any Relevant Jurisdiction; or
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any Relevant Jurisdiction or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to subscribe for the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;
- (b) the representations and warranties made by the Company pursuant the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date;
- (c) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date;
- (d) the Placing Agents having received on or before the Closing Date certified true copies of the duly passed board resolutions of the Company approving the Placing and the transactions contemplated thereunder;

- (e) the Placing Agents having received on the Closing Date an opinion of the King & Wood Mallesons, PRC counsel for the Company, relating to certain matters set forth in the Placing Agreement and such other matters as the Placing Agents shall reasonably request in the form as agreed with the Placing Agents, in form and substance reasonably satisfactory to the Placing Agents; and
- (f) the Listing Committee granting the listing of, and permission to deal in, the Placing Shares (the “**Listing Approval**”) (and the Listing Approval not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares pursuant to the Placing Agreement), and the delivery to the Placing Agents of a copy of the Listing Approval.

TERMINATION

The Placing Agents may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 8.00 a.m. (Hong Kong time) on the Closing Date, in any of the following cases, notwithstanding anything contained in the Placing Agreement:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority; or
 - (ii) any event, or series of events beyond the reasonable control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labor dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, outbreak or escalation of hostilities, act of terrorism and act of God) in or affecting any of the Relevant Jurisdictions or the declaration by any Relevant Jurisdiction of war or a state of emergency or calamity or crisis; or
 - (iii) any change or development in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets); or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any of the Relevant Jurisdictions; or
 - (v) any suspension or limitation of trading in the Shares from the date of the Placing Agreement to the Closing Date (other than as a result of the Placing); or
 - (vi) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or

- (vii) any change, or development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group,

which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith, or would materially prejudice trading of the Placing Shares in the secondary market; or

- (b) (i) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agents; (ii) any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion of the Placing which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect; or (iii) there has been a breach of, or failure to perform, any other provision of the Placing Agreement in any material respect on the part of the Company.

COMPLETION OF THE PLACING

Subject to the conditions mentioned above, the Completion shall take place on the Closing Date being January 29, 2021, or such other time and/or date as the Company and the Placing Agents may agree.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LOCK-UP UNDERTAKING

The Company has undertaken to the Placing Agents that it shall not, without the prior written consent of the Placing Agents:

- (a) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such equity securities, whether any such transaction described here or in clause (a) above is to be settled by delivery of H Shares or such other securities, in cash or otherwise, or
- (c) publicly announce an intention to effect any such transaction,

for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date. The above undertaking shall not apply to the issue of the Placing Shares under the Placing Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY ON THE DATE OF THE PLACING AGREEMENT AND IMMEDIATELY AFTER COMPLETION OF THE PLACING

Holder of the Shares	As at the date of the Placing Agreement		Immediately after Completion of the Placing	
	No. of Shares	Percentage of issued Shares (%)	No. of Shares	Percentage of issued Shares (%)
Holders of Unlisted Foreign Shares				
Mr. Min Frank Zeng (Note 1)	9,302,786	2.20	9,302,786	2.11
Other Unlisted Foreign Shareholders	1,208	0.00	1,208	0.00
Holders of H Shares				
Placees	–	–	18,042,500	4.09
Mr. Zhenjun Zi	51,185,221	12.10	51,185,221	11.61
Mr. Min Frank Zeng	38,651,618	9.14	38,651,618	8.76
Other holders of H Shares	323,828,110	76.56	323,828,110	73.43
Total Issued Shares	<u>422,968,943</u>	<u>100</u>	<u>441,011,443</u>	<u>100</u>

Notes:

- (1) Mr. Min Frank Zeng is the sole shareholder of Horizon Binjiang LLC which owns 9,302,786 Unlisted Foreign Shares.
- (2) The table assumes there will be no change in the issued share capital of the Company from the date of this announcement to the Completion save for the issue of the Placing Shares.
- (3) Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued by the Company pursuant to the General Mandate, under which the Board is authorized to issue, allot and deal with new H Shares which shall not exceed 20% of H Shares in issue on the date of approval of the resolution granting the General Mandate at the annual general meeting of the Company (i.e. May 21, 2020), being 36,542,972 new H Shares. As at the date of this announcement, the Company has issued 18,500,000 H Shares under the General Mandate. Please refer to the announcements of the Company dated September 3, 2020 and September 10, 2020 for details.

The Placing has been approved by the Board. The Placing is not subject to the approval of the Shareholders of the Company.

REGULATORY APPROVAL

The Company has obtained the necessary PRC regulatory approval for the Placing, being approval from the CSRC.

RANKING OF THE PLACING SHARES

The Placing Shares to be issued under the Placing have been duly and validly authorised and, when issued against payment of the applicable Placing Price as provided in the Placing Agreement, will be duly and validly registered and issued and non-assessable, free from all Encumbrances and will be fully paid up. All such Placing Shares will rank pari passu in all respects with the existing H Shares in issue.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing presents an opportunity to raise capital to facilitate the sustainable development of the Company and satisfy its requirements for capital in light of the rapid development of the business of the Company.

The Directors consider that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$1,445 million and the aggregate net proceeds from the Placing, after deducting the expenses of the Placing, are expected to be approximately HK\$1,427 million. The market demand for the Company's services has been increasing steadily due to the continuous growth of transcatheter heart valve market, the strong national support for the development of innovative medical devices and the recognition from more and more users for the Company's high quality products and technologies. The Company intends to use the net proceeds from the Placing for the following purposes: (i) approximately 60% of the net proceeds for accelerating the development and research of the Company's product candidates, including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies; (ii) approximately 20% of the net proceeds for development of and investment in other new technologies; and (iii) approximately 20% of the net proceeds for working capital and other general corporate purposes. The Company expects that the proceeds from the Placing may help facilitate the research and development of the Company's products, accelerate the application of new products, further deepen the Company's layout in heart valve market, and provide comprehensive treatment services to the patients.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The net proceeds received by the Company from the placing of its H Shares completed on September 10, 2020 amounted to approximately HK\$1,173 million (after deducting the expenses of the placing). There has been no change in the intended use of net proceeds as previously disclosed in the announcement of the Company dated September 3, 2020 and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs. Please refer to the announcements published by the Company on September 3, 2020 and September 10, 2020 for details.

Save for the above, the Company had not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares on the Main Board of the Hong Kong Stock Exchange.

DEFINITIONS

Unless the context requires otherwise, the terms used herein shall have the following meanings:

“Board”	the board of Directors of the Company
“Closing Date”	the date on which Completion takes place
“Company”	Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a limited liability company incorporated in the PRC on July 3, 2009 and converted into a joint stock limited liability company incorporated in the PRC on November 29, 2018, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 2500)
“Completion”	completion of the Placing under the Placing Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the director(s) of the Company
“Domestic Share(s)”	the issued ordinary shares of the Company with a par value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Encumbrance”	any pledge, charge, lien, mortgage, option, warrant, security interest, claim, pre-emption rights, equity interest, third party rights whatsoever or interests or rights similar to the foregoing
“General Mandate”	the general mandate granted to the Board by the Shareholders at the 2019 annual general meeting of the Company held on May 21, 2020 to allot, issue or otherwise deal with the Domestic Shares, the Unlisted Foreign Shares and the H Shares, which, upon being granted, shall remain effective until the earliest of: (i) conclusion of the 2020 annual general meeting of the Company, (ii) expiration of the 12-month period from the conclusion of the 2019 annual general meeting of the Company (being May 20, 2021); and (iii) the revocation or variation of the general mandate by a special resolution at any general meeting of the Company
“Group”	the Company and its subsidiaries

“HK\$” or “HK dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong Dollars
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“London Stock Exchange”	London Stock Exchange plc
“Nasdaq”	National Association of Securities Dealers Automated Quotations
“Placees”	professional, institutional and/or individual investors selected and procured by or on behalf of the Placing Agents to subscribe for any of the Placing Shares as contemplated by the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agents of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement
“Placing Agents”	Goldman Sachs (Asia) L.L.C. and UBS AG Hong Kong Branch
“Placing Agreement”	the placing agreement dated January 22, 2021 entered into between the Company and the Placing Agents
“Placing Price”	HK\$80.08 per Placing Share
“Placing Share(s)”	18,042,500 new H Shares to be issued by the Company pursuant to the Placing Agreement
“PRC” or “China”	the People’s Republic of China for the purpose of this announcement and geographical reference only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi Yuan, the lawful currency of China

“Share(s)”	ordinary share(s) with a par value of RMB1.00 each in the share capital of the Company, including the Domestic Shares, the Unlisted Foreign Shares and the H Shares
“Shareholder(s)”	the holder(s) of the Share(s)
“Unlisted Foreign Shares”	ordinary share(s) with a par value of RMB1.00 each issued by the Company to overseas investors, which are subscribed for and paid up in currencies other than Renminbi and not listed on any stock exchange
“U.S.”	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia

By order of the Board
Venus Medtech (Hangzhou) Inc.
Min Frank Zeng
Chairman of the Board

Hangzhou, January 22, 2021

As at the date of this announcement, the executive Directors are Mr. Min Frank Zeng, Mr. Zhenjun Zi and Mr. Lim Hou-Sen (Lin Haosheng); the non-executive Director is Ms. Nisa Bernice Wing-Yu Leung; and the independent non-executive Directors are Mr. Ting Yuk Anthony Wu, Mr. Wan Yee Joseph Lau and Mr. Chi Wai Suen.