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Peijia Medical Limited

沛嘉醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9996)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Global Coordinator and Sole Bookrunner

Morgan Stanley

Co-Bookrunner



On January 22, 2021 (before trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, an aggregate of 33,800,000 Placing Shares to not less than six Placées at a price of HK\$29.38 per Placing Share.

The Placing Price of HK\$29.38 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 1.9% to the closing price of HK\$29.95 per Share as quoted on the Stock Exchange on January 21, 2021, being the trading day immediately preceding the date of the Placing Agreement and (ii) a premium of approximately 2.8% to the average closing price of HK\$28.59 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of the Placing Agreement.

The Placing Shares will represent approximately 5.3% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.1% of the enlarged issued share capital of the Company immediately following the completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the issued share capital of the Company between the date of this announcement and the completion of Placing). The Placing Shares will be allotted and issued under the General Mandate, and will not be subject to approval by the Shareholders.

Assuming all the 33,800,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds will be HK\$993.04 million and the net proceeds arising from the Placing are estimated to be HK\$971.48 million. The Placing is conditional upon, among others, the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to completion of the Placing).

Applications will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As 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

Parties (i) the Company; and
(ii) the Placing Agent.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

The Placing

The Placing Agent has conditionally agreed to place, or procure the placing of 33,800,000 Placing Shares at the Placing Price of HK\$29.38 per Placing Share during the placing period, failing which, the Placing Agent will subscribe for the Placing Shares at the Placing Price on the terms and subject to the conditions set out in the Placing Agreement.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

The Placees

The Placing Agent will place the Placing Shares to professional, institutional, or other investors that are Independent Third Parties. It is currently expected that the Placing Shares will be placed to not less than six Placees who, together with their ultimate beneficial owners will be Independent Third Parties. The Placing Agent will use its reasonable endeavors, based on information available to the Placing Agent, information provided by the Company and confirmations from the Placees procured by the Placing Agent, to ensure that each Placee procured by the Placing Agent is not a connected person of the Company (as defined in the Listing Rules).

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, the number of 33,800,000 Placing Shares under the Placing represents approximately 5.3% of the issued share capital of the Company as at the date of this announcement, and approximately 5.1% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be US\$3,380.

Placing Price

The Placing Price is HK\$29.38 per Placing Share which represents:

- (i) a discount of approximately 1.9% to the closing price of HK\$29.95 per Share as quoted on the Stock Exchange on the trading day immediately preceding the date of the Placing Agreement; and
- (ii) a premium of approximately 2.8% to the average closing price of approximately HK\$28.59 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$28.74 per Share.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Board by a resolution of the Shareholders dated April 28, 2020, pursuant to which the Board is authorized to allot and issue up to 122,008,400 Shares. As at the date of this announcement, the Company had not utilized the General Mandate and the 33,800,000 Placing Shares under the Placing represents approximately 27.7% of the entire General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions precedent and completion

Completion of the Placing Agreement is conditional upon, amongst others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

If the above condition is not satisfied at or before 8:00 a.m. (Hong Kong time) on January 29, 2021, being the long stop date of the Placing Agreement, or such other date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

Completion of the Placing will take place on the Business Day after the fulfilment of the condition as set out above but in any event no later than January 29, 2021 or such other date to be agreed between the Company and the Placing Agent in writing (the “**Closing Date**”).

Lock-up Undertakings by the Company

The Company undertakes to the Placing Agent to procure, that for a period of 180 days from the Closing Date, the Company will not, save for the potential RMB share listing as disclosed by the Company on December 21, 2020 and the allotment of Shares pursuant to the Share Incentive Schemes (as defined in the Prospectus):

- 1) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;

- 2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (1) above; or
- 3) announce any intention to enter into or effect any such transaction described in paragraph (1) or (2) above without first having obtained the written consent of the Placing Agent.

Termination

If at any time at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

General Mandate

The Placing Shares will be allotted and issued pursuant to the General Mandate. The number of new Shares that can be issued by the Company under the General Mandate is 122,008,400 Shares. Up to the date of this announcement, no Share has been issued by the Company under the General Mandate. Therefore, the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group focuses on the high-growth interventional procedural medical device market in China, and is a leading domestic player in each of the transcatheter valve therapeutic medical device market and the neurointerventional procedural medical device market in China. Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$993.04 million and approximately HK\$971.48 million respectively. The net placing price per Placing Share will be approximately HK\$28.74.

The net proceeds from the Placing will be used for the following purposes:

- (i) to fund potential product licensing and possible merger and acquisition opportunities in the area of mitral valve replacement and repair treatment, including a collaboration and license agreement for transeptal mitral valve replacement with HighLife SAS dated December 18, 2020 (for further details, please refer to the voluntary announcement of the Company, published on December 21, 2020);
- (ii) to fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment;
- (iii) to fund ongoing technology transfer, product development, and research and development, across the Group; and
- (iv) for other general corporate purposes where appropriate.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors are should exercise due care when dealing in the securities of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company conducted the following fund raising through the issue of equity securities in the past twelve months immediately before the date of this announcement:

Date of prospectus	Fund raising activity	Net proceeds	Intended use of proceeds as set out in the Prospectus	Actual use of proceeds as at the date of this announcement
May 5, 2020	175,387,000 Shares issued by the Company under the Global Offering (including Shares allotted under the over-allotment option)	Approximately HK\$2,535.8 million	<p>(1) Approximately 65.0% allocated to the development and commercialization of the Group's Core Product, TaurusOne®, as well as our other major product candidates</p> <p>(2) Approximately 10.0% allocated to the Group's ongoing pre-clinical studies and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of other product candidates in the Group's pipeline</p>	<p>(1) Approximately RMB32.35 million of the proceeds has been used for the development and commercialization of the Group's Core Product, TaurusOne®, as well as our other major product candidates</p> <p>(2) Approximately RMB42.34 million of the proceeds has been used for the Group's ongoing pre-clinical studies and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of other product candidates in the Group's pipeline</p>

Date of prospectus	Fund raising activity	Net proceeds	Intended use of proceeds as set out in the Prospectus	Actual use of proceeds as at the date of this announcement
			(3) Approximately 10.0% to be used to expand the Group's product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities	(3) Approximately RMB9.78 million of the proceeds has been used expand the Group's product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities
			(4) Approximately 8.0% to be used to strengthen the Group's research and development capabilities to enrich its product pipeline	(4) Approximately RMB0 million of the proceeds has been used to strengthen the Group's research and development capabilities to enrich its product pipeline
			(5) Approximately 7.0% to be used for working capital and other general corporate purposes	(5) Approximately RMB32.85 million of the proceeds has been used for working capital and other general corporate purposes
				The remaining proceeds will be used for the purposes as disclosed in the Prospectus.

Save for the Global Offering, the Company has not conducted any equity fund raising activity during the past twelve months immediately before the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming all 33,800,000 Placing Shares are placed and there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

	(i) As at date of this announcement		(ii) Immediately upon completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
The Placees	–	–	33,800,000	5.1%
Other Shareholders	632,918,000	100.0%	632,918,000	94.9%
Total	<u>632,918,000</u>	<u>100.0%</u>	<u>666,718,000</u>	<u>100.0%</u>

Given that completion of the Placing may or may not take place, shareholders and potential investors of the Company 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 requires otherwise:

“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday) on which banks are open for business in Hong Kong
“Company”	Peijia Medical Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9996)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders dated April 28, 2020
“Global Offering”	the offering of (i) 15,252,000 Shares initially for subscription by the public in Hong Kong and (ii) 137,259,000 Shares initially for subscription and 22,876,000 additional Shares allotted pursuant to the full exercise of the over-allotment option for subscription outside the United States in offshore transactions in reliance on Regulation S under the United States Securities Act of 1933 (the “ U.S. Securities Act ”) and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) who is(are) third party(ies) who are not connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement

“Placing”	the placing of 33,800,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Shares”	33,800,000 Placing Shares to be placed pursuant to the Placing Agreement
“Placing Agent”	Morgan Stanley & Co. International plc
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated January 22, 2021 in relation to the Placing
“Placing Price”	HK\$29.38 per Placing Shares
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated May 5, 2020, in relation to the Global Offering
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board
Peijia Medical Limited
沛嘉醫療有限公司
Dr. Yi Zhang
Chairman and executive Director

Hong Kong, January 22, 2021

As of the date of this announcement, the executive Directors are Dr. Yi Zhang, Mrs. Ping Ye Zhang and Ms. Hong Ye, the non-executive Directors are Dr. Zhiyun Yu, Mr. Jifeng Guan, Mr. Fei Chen, and Mr. Jun Yang and the independent non-executive Directors are Dr. Stephen Newman Oesterle, Mr. Robert Ralph Parks, Mr. Wayne Wu and Mr. Wai Ming Yip.