

ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS

SUMMARY

OFFER PRICE AND NET PROCEEDS FROM THE GLOBAL OFFERING

The Offer Price has been determined at HK\$13.88 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

Based on the Offer Price of HK\$13.88 per Offer Share, the net proceeds from the Global Offering to be received by the Company after deduction of underwriting commissions and fees and estimated expenses payable by the Company in connection with the Global Offering are estimated to be approximately HK\$2,955.5 million. The Company intends to apply such net proceeds in the manner set out in the paragraph headed “Offer Price and Net Proceeds from the Global Offering” below in this announcement.

The Shares to be sold pursuant to the exercise of the Over-allotment Option only consist of the Sale Shares. If the Over-allotment Option is exercised, the Company will not receive any of the proceeds from the Sale Shares to be sold by the Selling Shareholder.

APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

Hong Kong Public Offering

The Offer Shares initially offered under the Hong Kong Public Offering have been very significantly over-subscribed. At the close of the application lists at 12:00 noon (Hong Kong time) on Friday, June 19, 2020, a total of 413,403 valid applications (including applications on **WHITE** and **YELLOW** Application Forms and through giving **electronic application** instructions to HKSCC via CCASS and to the **White Form eIPO** Service Provider under the **White Form eIPO**) have been received pursuant to the Hong Kong Public Offering for a total of 22,297,061,500 Offer Shares, representing approximately 989.22 times of the total number of 22,540,000 Offer Shares initially available under the Hong Kong Public Offering. The total number of successful applicants under the Hong Kong Public Offering is 100,685.

As the over-subscription of the Hong Kong Public Offering was more than 100 times, the reallocation procedures as described in the section headed “Structure of the Global Offering – Allocation – Reallocation” in the Prospectus have been applied, and 90,160,000 Offer Shares initially available under the International Offering have been reallocated to the Hong Kong Public Offering. As a result of such reallocation, the final number of Offer Shares available under the Hong Kong Public Offering is 112,700,000 Offer Shares, representing five times of the total number of Offer Shares initially available under the Hong Kong Public Offering and approximately 50% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

International Offering

The Offer Shares initially offered under the International Offering have been over-subscribed, representing approximately 29.05 times of the total number of Offer Shares initially available under the International Offering. After reallocation of the Offer Shares to the Hong Kong Public Offering from the International Offering, the final number of Offer Shares available under the International Offering is 112,697,500 Shares, representing approximately 50% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). There has been an over-allocation of 33,809,500 Offer Shares, and a total number of 242 places have been allocated Offer Shares under the International Offering.

Cornerstone Investors

Based on the Offer Price of HK\$13.88 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), and pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have subscribed for 92,131,500 Offer Shares, representing in aggregate approximately 40.88% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option) and approximately 7.36% of the Shares in issue immediately following completion of the Global Offering, assuming the share options granted under the Pre-IPO Share Option Plan are not exercised.

Pursuant to the Cornerstone Investment Agreements with the Cornerstone Investors, the number of Offer Shares subscribed for by the Cornerstone Investors are as follows:

Name of cornerstone investor	Number of Offer Shares subscribed	Percentage of the Offer Shares under the Global Offering		% of total share capital in issue of the Company upon Listing (assuming no exercise of share options granted under the Pre-IPO Share Option Plan)
		(assuming no exercise of Over-allotment Option) (%)	(assuming full exercise of Over-allotment Option) (%)	
Fidelity Investments	25,128,000	11.15	9.69	2.01
BlackRock Funds	19,542,500	8.67	7.54	1.56
Lake Bleu Prime	13,959,000	6.19	5.39	1.11
Gaoling Fund, L.P. and YHG Investment, L.P.	8,375,500	3.72	3.23	0.67
Cormorant Global Healthcare Master Fund, LP	8,375,500	3.72	3.23	0.67
OrbiMed Funds	8,375,500	3.72	3.23	0.67
Oaktree Funds	8,375,500	3.72	3.23	0.67
Total	92,131,500	40.88	35.54	7.36

To the best knowledge of the Company, each of the Cornerstone Investors is independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associate of the Company. The Cornerstone Investors will subscribe for the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of the Company under Rules 8.08 and 8.24 of the Listing Rules. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in the Company, nor will any of the Cornerstone Investors become a substantial shareholder, connected person or close associate of the Company.

Further, each of the Cornerstone Investors has agreed that, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the respective Cornerstone Investment Agreement) any of the Offer Shares they have purchased pursuant to the respective Cornerstone Investment Agreement as described in the section headed “Cornerstone Investors” in the Prospectus.

Placing of Offer Shares with consent under the Placing Guidelines

In the International Offering, 3,000 Shares and 10,000 Shares were respectively placed to China Asset Management (HK) Limited and CITIC Securities Co., Ltd., each of which is a connected client of CLSA limited, as a Joint Bookrunner and the Underwriter within the meaning of Appendix 6 to the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted us a consent under paragraph 5(1) of the Appendix 6 to the Listing Rules to permit the Company to allocate Shares in the International Offering to the above connected clients. The Shares placed to the above connected clients are held by the connected clients on behalf of independent third parties and are in compliance with all the conditions under the consent granted by the Stock Exchange.

Placing of Offer Shares to close associate of an existing Shareholder

In the International Offering, 400,000 Shares were placed to Axiom Asia V, L.P. (“**Axiom Fund V**”), as a close associate of Axiom Asia IV, L.P. (the “**Axiom Fund IV**”), an existing Shareholder of the Company. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Hong Kong Listing Rules and its consent under paragraph 5(2) of the Placing Guidelines to permit the Company to allocate such Shares to Axiom Fund V, subject to the conditions granted in the waiver by the Stock Exchange dated June 24, 2020. Such conditions have been satisfied.

Save as disclosed in the paragraphs headed “Placing of Offer Shares with consent under the Placing Guidelines” and “Placing of Offer Shares to close associate of an existing Shareholder” in this announcement, no Offer Shares placed by or through the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters under the Global Offering have been placed with any core connected person (as defined in the Listing Rules) of the Company or any connected clients (as set out in paragraph 5(1) of the Appendix 6 to the Listing Rules (the “**Placing Guidelines**”), or persons set out in paragraph 5(2) of the Placing Guidelines, whether in their own names or through nominees. The Directors confirm that no placee, individually, will hold more than 10% of the enlarged issued share capital of the Company immediately after the Global Offering (before any exercise of the share options granted under the Pre-IPO Share Option Plan). The Directors confirm that, to the best of their knowledge, (a) there will not be any new substantial Shareholder immediately after the Global Offering and (b) save as the disclosed in the paragraph headed “Placing of Offer Shares to close associate of an existing Shareholder”, none of the Offer Shares subscribed by the placees and the public has been financed directly or indirectly by any of the Directors, chief executives of the Company, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, and none of the placees and the public who has subscribed for the Offer Shares is accustomed to taking instructions from any of the Directors, chief executives of the Company, the substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it.

Over-allotment Option

In connection with the Global Offering, the Selling Shareholder has granted the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering (the last day for exercise of the Over-allotment Option being Sunday, July 19, 2020), to require the Selling Shareholder to sell up to 33,809,500 Sale Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering. There was over-allocation of 33,809,500 Shares. Such over-allocation may be covered by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means. As at the date of this announcement, the Over-allotment Option has not yet been exercised. In the event that the Over-allotment Option is exercised, an announcement will be made by the Company on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.kangjimedical.com. Please refer to the section headed “Structure of the Global Offering – Over-allotment Option” in the Prospectus for further details relating to the Over-allotment Option and stabilization.

If the Over-allotment Option is exercised in full, based on the Offer Price of HK\$13.88 per Offer Share, the net proceeds that the Selling Shareholder will receive will be approximately HK\$450.0 million (after deduction of proportional underwriting commissions and fees payable by the Selling Shareholder). The Company will not receive any of the proceeds from Sale Shares to be sold by the Selling Shareholder.

LOCK-UP UNDERTAKINGS

The Company, the Controlling Shareholders, TPG Keyhole, LYFE Capital Fund, L.P. and LYFE Capital Fund-A, L.P., Axiom Fund IV and ARDIAN DIRECT ASIA III L.P. (the “**Pre-IPO Investors**”) and the Cornerstone Investors are subject to certain lock-up undertakings as set out in the paragraph headed “Lock-up Undertakings” in this announcement.

RESULTS OF ALLOCATIONS

The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering successfully applied for under **WHITE** and **YELLOW** Application Forms and by giving **electronic application instructions** to HKSCC or through the designated **White Form eIPO** service, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of the Hong Kong Offer Shares successfully applied for, will be made available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.kangjimedical.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, June 26, 2020;
- from the designated results of allocations website at www.iporeresults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, June 26, 2020 to 12:00 mid-night on Thursday, July 2, 2020;
- by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. to 6:00 p.m. from Friday, June 26, 2020 to Thursday, July 2, 2020 on a business day (excluding Saturday, Sunday and public holidays); and
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, June 26, 2020 to Monday, June 29, 2020 at all the receiving bank’s designated branches.

Results of allocations of the Hong Kong Offer Shares in the Hong Kong Public Offering, the level of indication of interests in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares will also be published on Friday, June 26, 2020 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company’s website at www.kangjimedical.com and the website of the Stock Exchange at www.hkexnews.hk.

DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by their **WHITE** Application Forms and applicants who have applied for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application through the designated website www.eipo.com.hk and their application is wholly or partially successful, may collect their refund check(s) and/or share certificate(s) from the Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, June 26, 2020, or such other date as notified by the Company in the newspapers. If such applicants do not collect their refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in their Application Forms by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and have provided all information required by their **WHITE** Application Forms and applicants who have applied for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service by submitting an electronic application through the designated website www.eipo.com.hk and their application is wholly or partially successful, will have their refund check(s) and/or share certificate(s) sent to their address on the relevant Application Form on or before Friday, June 26, 2020, by ordinary post and at their own risk. For applicants using the **White Form eIPO** service and who have paid the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. For applicants using the **White Form eIPO** service and who have paid the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in their application instructions in the form of refund check(s) by ordinary post at their own risk.

Wholly or partially successful applicants using a **YELLOW** Application Form or who gave **electronic application instructions** to HKSCC will have their share certificate(s) issued in the name of HKSCC Nominees and deposited into CCASS for credit to their designated CCASS Participant's stock account or their CCASS Investor Participant stock account as stated in their applications on Friday, June 26, 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

Wholly or partially unsuccessful applicants who have applied for 1,000,000 or more Hong Kong Offer Shares under **YELLOW** Application Forms may collect their refund check(s) from the Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, June 26, 2020, or such other date as notified by the Company in the newspapers. If such applicants do not collect their refund check(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in their Application Form by ordinary post at their own risk.

Wholly or partially unsuccessful applicants who have applied for less than 1,000,000 Hong Kong Offer Shares under **YELLOW** Application Forms will have their refund check(s) sent to the address on the relevant Application Form on or before Friday, June 26, 2020, by ordinary post and at their own risk.

Refund of application monies in respect of wholly or partially unsuccessful applications who gave **electronic application instructions** to HKSCC will be credited to their designated bank account or the designated bank account of their broker or custodian on Friday, June 26, 2020.

PUBLIC FLOAT

Immediately following the completion of the Global Offering, assuming the Over-allotment Option and the share options granted under the Pre-IPO Share Option Plan are not exercised, the number of Shares in public hands represents no less than 25% of the total issued share capital of the Company, which satisfies the minimum percentage prescribed in Rule 8.08(1) of the Listing Rules. The Directors confirm that the three largest public Shareholders do not hold more than 50% of the shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) of the Listing Rules. The Directors confirm that there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.

COMMENCEMENT OF DEALINGS

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on Monday, June 29, 2020, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” in the Prospectus has not been exercised.

Assuming that the Global Offering becomes unconditional in all respects at or before 8:00 a.m. on Monday, June 29, 2020, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. (Hong Kong time) on Monday, June 29, 2020. Shares will be traded in board lots of 500 Shares each. The stock code of the Shares is 9997.

All times and dates in this announcement refer to Hong Kong times and dates unless otherwise stated.

OFFER PRICE AND NET PROCEEDS FROM THE GLOBAL OFFERING

The Offer Price has been determined at HK\$13.88 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%). Based on the Offer Price of HK\$13.88 per Offer Share, the net proceeds from the Global Offering to be received by the Company after deduction of underwriting commissions and fees and estimated expenses payable by the Company in connection with the Global Offering (the “**Net Proceeds**”), are estimated to be approximately HK\$2,955.5 million.

The Company intends to apply the Net Proceeds as follows:

- approximately 20.0%, or HK\$591.1 million, will be used to expand the Company’s production capacity and strengthen the Company’s manufacturing capabilities, including:
 - approximately 9.8%, or HK\$289.6 million, to be used to expand production capacity of the Company’s current products and further automate existing production lines, including (i) approximately 4.3%, or HK\$127.1 million to be used for purchasing additional machinery and equipment within the next six years, and procuring and deploying a manufacturing execution software system within the next three years; and (ii) approximately 5.5%, or HK\$162.6 million to be used for recruiting and training an additional 500 to 600 production workers within the next five years. The allocation of new production workers is subject to adjustment between the Company’s current products and pipeline products in line with market demand. The Company plans to utilize the allocated net proceeds in line with anticipated market demand and sales growth.
 - approximately 10.2%, or HK\$301.5 million, to be used to build up production capabilities for pipeline products within the next six years, including (i) approximately 3.3%, or HK\$97.5 million, to be used for constructing and renovating new facilities to be built on the Company’s unused land; (ii) approximately 3.8%, or HK\$112.3 million, to be used for purchasing new machinery and equipment; and (iii) approximately 3.1%, or HK\$91.6 million, to be used for recruiting and training an additional 200 to 300 production workers. The allocation of new production workers is subject to adjustment between the Company’s current products and pipeline products in line with market demand. The Company plans to utilize the allocated net proceeds for pipeline products in line with their launch time and market demand.
- approximately 25.0%, or HK\$738.9 million, will be used to fund the Company’s R&D activities, including:
 - approximately 17.0%, or HK\$502.4 million, to be used to establish an R&D center at the Company’s headquarters within the next four years in order to provide technical support for the Company’s existing products, manufacturing processes and development of the Company’s near-commercial pipeline products, as well as two additional R&D centers within the next four years in select first- or second-tier cities, such as Hangzhou, Beijing and Shenzhen, to support the development of the Company’s mid- and long-term pipeline products and development of innovative products in the future. Towards that end,

- approximately 2.5%, or HK\$73.9 million will be used for construction and renovation of the R&D center at the Company's headquarters to be built on the Company's unused land;
- approximately 1.6%, or HK\$47.3 million will be used for rental and renovation expenses for the two R&D centers in select cities;
- approximately 4.4%, or HK\$130.0 million will be used for purchasing and deploying additional R&D machinery, equipment and software systems for the Company's new R&D centers; and
- approximately 8.5%, or HK\$251.2 million will be used for recruiting and training additional R&D personnel for the Company's new R&D centers;
- approximately 8.0%, or HK\$236.4 million, to be used for development and expansion of the Company's product pipeline, including advancing the development and registration of the Company's pipeline products and exploring opportunities to acquire or in-license advanced technologies to apply to product development. The Company currently has nine product candidates in the Company's pipeline, of which four candidates are in the registration process, including absorbable ligation clips, which is pending completion of clinical trials, and five candidates in earlier product design and development stage, which require substantial R&D prior to the registration process. The Company expects to continue to expand the Company's product pipeline. The Company's pipeline products and R&D activities have and will continue to focus on multifunctional or biodegradable materials, and smart and miniaturized medical devices which involve more advanced or innovative technologies and more complex processes, and therefore require higher research and development investments;
- approximately 20.0%, or HK\$591.1 million, will be invested in the Company's sales and marketing activities, including:
 - approximately 15.0%, or HK\$443.3 million, to be used in the Company's domestic sales and marketing activities, including (i) approximately 7.0%, or HK\$206.9 million, to be used for establishing a product display and training center at the Company's headquarters within the next five years to offer clinical education and showcase products to physicians and hospitals; (ii) approximately 5.0%, or HK\$147.8 million, to be used for establishing a sales and marketing center at the Company's headquarters within the next five years, and approximately 10 to 12 regional sales offices in strategically selected first- or second-tier cities from 2021 to 2024; and (iii) approximately 3.0%, or HK\$88.7 million, to be used for conducting more academic promotion activities;
 - approximately 5.0%, or HK\$147.8 million, will be used to increase the Company's overseas sales, including (i) developing the Company's overseas network of distributors by expanding the overseas business team, establishing overseas offices, seeking collaboration opportunities with local sales channels and attending international medical conferences and industry exhibitions to promote the Company's brand and products; and (ii) registration of certain of the Company's current and future products, such as disposable trocars, ligation clips, disposable ultrasonic scalpels and laparoscopic staplers in overseas jurisdictions, and conducting clinical trials if required;

- approximately 25.0%, or HK\$738.9 million, will be used to fund potential strategic investment and acquisitions within the next five years that could complement and expand the Company's product portfolio and technologies, and in turn further drive the Company's business growth. As of the Latest Practicable Date, the Company has not identified any specific acquisition targets, formed any specific acquisition plans or entered into any agreements with potential targets; and
- approximately 10.0%, or HK\$295.6 million, will be used for the Company's working capital and general corporate purposes.

The Shares to be sold pursuant to the exercise of the Over-allotment Option only consist of the Sale Shares. If the Over-allotment Option is exercised, the Company will not receive any of the proceeds from the Sale Shares to be sold by the Selling Shareholder.

For details of the use of proceeds, see the section headed "Future Plans and Use of Proceeds" in the Prospectus.

APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

Hong Kong Public Offering

The Offer Shares initially offered under the Hong Kong Public Offering have been very significantly over-subscribed. At the close of the application lists at 12:00 noon on Friday, June 19, 2020, a total of 413,403 valid applications (including applications on **WHITE** and **YELLOW** Application Forms and through giving **electronic application instructions** to HKSCC via CCASS and to the **White Form eIPO** Service Provider under the **White Form eIPO**) have been received pursuant to the Hong Kong Public Offering for a total of 22,297,061,500 Offer Shares, representing approximately 989.22 times of the total number of 22,540,000 Offer Shares initially available under the Hong Kong Public Offering. The total number of successful applicants under the Hong Kong Public Offering is 100,685.

Of the 413,403 valid applications on **WHITE** and **YELLOW** Application Forms and by **electronic application instructions** given to HKSCC via CCASS and to the designated **White Form eIPO** Service Provider through the **White Form eIPO** website (www.eipo.com.hk) for a total of 22,297,061,500 Hong Kong Offer Shares, a total of 398,195 applications in respect of a total of 5,023,241,500 Hong Kong Offer Shares were for Hong Kong Offer Shares with an aggregate subscription amount based on the Offer Price of HK\$13.88 per Offer Share of HK\$5 million or below (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%), and a total of 15,208 applications in respect of a total of 17,273,820,000 Hong Kong Offer Shares were for Hong Kong Offer Shares with an aggregate subscription amount based on the Offer Price of HK\$13.88 per Offer Share of more than HK\$5 million (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%).

Applications not completed in accordance with the instructions set out in the Application Forms have been rejected. 686 multiple or suspected multiple applications have been rejected. Seven applications have been rejected due to bounced cheques. Two applications have been rejected due to invalid application. No application for more than 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering (i.e. more than 11,270,000 Shares) has been identified. The Offer Shares offered in the Hong Kong Public Offering were conditionally allocated on the basis set out in the paragraph headed “Basis of Allocation under the Hong Kong Public Offering” below.

As the over-subscription of the Hong Kong Public Offering was more than 100 times, the reallocation procedures as described in the section headed “Structure of the Global Offering – Allocation – Reallocation” in the Prospectus have been applied, and 90,160,000 Offer Shares initially available under the International Offering have been reallocated to the Hong Kong Public Offering. As a result of such reallocation, the final number of Offer Shares available under the Hong Kong Public Offering is 112,700,000 Offer Shares, representing five times of the total number of Offer Shares initially available under the Hong Kong Public Offering and approximately 50% of the total number of Offer Shares initially available under the Global Offering (before any exercise of Over-allotment Option).

The Hong Kong Offer Shares offered in the Hong Kong Public Offering were conditionally allocated on the basis set out in the paragraph headed “Basis of allocation under the Hong Kong Public Offering” below.

International Offering

The Offer Shares initially offered under the International Offering have been over-subscribed, representing approximately 29.05 times of the total number of Offer Shares initially available under the International Offering. After reallocation of the Offer Shares to the Hong Kong Public Offering from the International Offering, the final number of Offer Shares available under the International Offering is 112,697,500 Shares, representing approximately 50% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). There has been an over-allocation of 33,809,500 Offer Shares, and a total number of 242 places have been allocated Offer Shares under the International Offering.

Cornerstone Investors

The Company has entered into the Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$165 million, excluding brokerage, SFC transaction levy and Stock Exchange trading fee which the Cornerstone Investors are required to pay in respect of the Shares. Set out below is the shareholding information of the Cornerstone Investors based on the Offer Price of HK\$13.88 per Offer Share:

Name of cornerstone investor	Number of Offer Shares subscribed	Percentage of the Offer Shares under the Global Offering		% of total share capital in issue of the Company upon Listing (assuming no exercise of share options granted under the Pre-IPO Share Option Plan)
		(assuming no exercise of Over-allotment Option) (%)	(assuming full exercise of Over-allotment Option) (%)	
Fidelity Investments	25,128,000	11.15	9.69	2.01
BlackRock Funds	19,542,500	8.67	7.54	1.56
Lake Bleu Prime	13,959,000	6.19	5.39	1.11
Gaoling Fund, L.P. and YHG Investment, L.P.	8,375,500	3.72	3.23	0.67
Cormorant Global Healthcare Master Fund, LP	8,375,500	3.72	3.23	0.67
OrbiMed Funds	8,375,500	3.72	3.23	0.67
Oaktree Funds	8,375,500	3.72	3.23	0.67
Total	<u>92,131,500</u>	<u>40.88</u>	<u>35.54</u>	<u>7.36</u>

Note:

Calculated with reference to the exchange rate of US\$1.00:HK\$7.75014 as determined in the manner stipulated in the Cornerstone Investment Agreement.

To the best knowledge of the Directors, each of the Cornerstone Investors (i) is an Independent Third Party and is not our connected person (as defined in the Listing Rule), (ii) is not accustomed to take instructions from our Company, the Directors, chief executives, substantial Shareholders, other existing Shareholders or any of its subsidiaries or their respective close associates; (iii) none of the subscription of the relevant Offer Shares by them is financed by the Company, the Directors, chief executives, substantial Shareholders, other existing Shareholders or any of its subsidiaries or their respective close associates.

The Cornerstone Investment will form part of the International Offering. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue. Immediately following the completion of the Global Offering, save as disclosed above, none of the Cornerstone Investors will have any Board representation in the Company or become a substantial Shareholder. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to their respective Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries or funds under common management and control (as the case may be) who will be bound by the same obligations of such Cornerstone Investors, including the Lock-up Period restriction.

Placing of Offer Shares with consent under the Placing Guidelines

Certain Shares were placed to a connected client of the Joint Bookrunner and the Underwriter (the “**Connected Underwriter**”) within the meaning of the placing guidelines for equity securities in the Placing Guidelines, details of which are set out below:

Connected client holding Shares on a discretionary basis:

Connected Underwriter	Placee	Number of Shares placed	Approximate percentage of the Offer Shares under the Global Offering ⁽¹⁾	Approximate percentage of the total share capital in issue of the Company upon Listing ⁽²⁾	Relationship with the Connected Underwriter
CLSA Limited	China Asset Management (HK) Limited	3,000	less than 0.01%	less than 0.01%	China Asset Management (HK) Limited and CITIC Securities Co., Ltd. are members of the same group of companies as CLSA Limited, and CLSA Limited is wholly-owned by CITIC Securities Co., Ltd..
CLSA Limited	CITIC Securities Co., Ltd.	10,000	less than 0.01%	less than 0.01%	

Notes:

- (1) Before any exercise of the Over-allotment Option.
- (2) Before any exercise of the share options granted under the Pre-IPO Share Option Plan.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a consent under paragraph 5(1) of the Placing Guidelines to permit the Company to allocate Shares in the International Offering to the connected clients described above. The Shares placed to the above connected clients are held by the connected client on behalf of independent third parties and are in compliance with all the conditions under the consent granted by the Stock Exchange.

Placing of Offer Shares to close associate of an existing Shareholder

In the International Offering, 400,000 Shares were placed to Axiom Fund V, as a close associate of Axiom Fund IV, an existing Shareholder of the Company. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Hong Kong Listing Rules and its consent under paragraph 5(2) of the Placing Guidelines to permit the Company to allocate such Shares to Axiom Fund V, subject to the conditions granted in the waiver by the Stock Exchange dated June 24, 2020. Such conditions have been satisfied.

Save as disclosed in the paragraphs headed “Placing of Offer Shares with consent under the Placing Guidelines” and “Placing of Offer Shares to close associate of an existing Shareholder” in this announcement, no Offer Shares placed by or through the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters under the Global Offering have been placed with any core connected person (as defined in the Listing Rules) of the Company or any connected clients (as set out in paragraph 5(1) of the Placing Guidelines), or persons set out in paragraph 5(2) of the Placing Guidelines, whether in their own names or through nominees. The Directors confirm that no placee, individually, will hold more than 10% of the enlarged issued share capital of the Company immediately after the Global Offering (before any exercise of the share options granted under the Pre-IPO Share Option Plan). The Directors confirm that, to the best of their knowledge, (a) there will not be any new substantial Shareholder immediately after the Global Offering and (b) save as the disclosed in the paragraph headed “Placing of Offer Shares to close associate of an existing Shareholder”, none of the Offer Shares subscribed by the placees and the public has been financed directly or indirectly by any of the Directors, chief executives of the Company, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, and none of the placees and the public who has subscribed for the Offer Shares is accustomed to taking instructions from any of the Directors, chief executives of the Company, the substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it.

Over-allotment Option

In connection with the Global Offering, the Selling Shareholder has granted the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering (the last day for exercise of the Over-allotment Option being Sunday, July 19, 2020), to require the Selling Shareholder to sell up to 33,809,500 Sale Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering. There was over-allocation of 33,809,500 Shares. Such over-allocation may be covered by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means. As at the date of this announcement, the Over-allotment Option has not yet been exercised. In the event that the Over-allotment Option is exercised, an announcement will be made by the Company on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.kangjimedical.com. Please refer to the section headed “Structure of the Global Offering – Over-allotment Option” in the Prospectus for further details relating to the over-allocation and stabilization.

If the Over-allotment Option is exercised in full, based on the Offer Price of HK\$13.88 per Offer Share, the net proceeds that the Selling Shareholder to be received will be approximately HK\$450.0 million (after deduction of proportional underwriting commissions and fees payable by the Selling Shareholder). The Company will not receive any of the proceeds from Sale Shares to be sold by the Selling Shareholder.

LOCK-UP UNDERTAKINGS

Each of the Company, the Controlling Shareholders, the Pre-IPO Investors and the Cornerstone Investors has given certain undertakings in relation to the issue or disposal of Shares (the “**Lock-up Undertakings**”). The major terms of the Lock-up Undertakings are set out as follows:

Name	Number of Shares held in the Company subject to the Lock-up Undertakings upon the Listing	Percentage of shareholding in the Company subject to the Lock-up Undertakings upon the Listing ⁽¹⁾	Last day subject to the Lock-up Undertakings
<i>The Company (subject to lock-up obligations pursuant to the Listing Rules and the Hong Kong Underwriting Agreement)</i>			
	N/A	N/A	December 29, 2020 ⁽²⁾
<i>The Controlling Shareholders (subject to lock-up obligations pursuant to the Listing Rules and the Hong Kong Underwriting Agreement)</i>			
Mr. ZHONG Ming	408,500,000	32.62%	December 29, 2020 ⁽³⁾ June 29, 2021 ⁽⁴⁾
Ms. SHENTU Yinguang	231,500,000	18.49%	December 29, 2020 ⁽³⁾ June 29, 2021 ⁽⁴⁾
Fortune Spring ZM B Limited	408,500,000	32.62%	December 29, 2020 ⁽⁴⁾ June 29, 2021 ⁽³⁾
Fortune Spring YG B Limited	231,500,000	18.49%	December 29, 2020 ⁽³⁾ June 29, 2021 ⁽⁴⁾
<i>The Pre-IPO Investors (subject to lock-up obligations pursuant to lock-up undertakings)</i>			
Keyhole Holding Limited	250,000,000 ⁽⁵⁾	19.96%	December 29, 2020 ⁽⁴⁾
LYFE Capital Fund, L.P.	65,780,000	5.25%	December 29, 2020 ⁽⁴⁾
LYFE Capital Fund-A, L.P.	10,790,000	0.88%	December 29, 2020 ⁽⁴⁾
Axiom Asia IV, L.P.	20,460,000	1.63%	December 29, 2020 ⁽⁴⁾
ARDIAN DIRECT ASIA III L.P.	12,790,000	1.02%	December 29, 2020 ⁽⁴⁾
<i>The Cornerstone Investors (subject to lock-up obligations pursuant to the Cornerstone Investment Agreements)</i>			
Fidelity Investments	25,128,000	2.01%	December 29, 2020 ⁽⁴⁾
BlackRock Funds	19,542,500	1.56%	December 29, 2020 ⁽⁴⁾
Lake Bleu Prime	13,959,000	1.11%	December 29, 2020 ⁽⁴⁾
Gaoling Fund, L.P. and YHG Investment, L.P.	8,375,500	0.67%	December 29, 2020 ⁽⁴⁾
Cormorant Global Healthcare Master Fund, LP	8,375,500	0.67%	December 29, 2020 ⁽⁴⁾
OrbiMed Funds	8,375,500	0.67%	December 29, 2020 ⁽⁴⁾
Oaktree Funds	8,375,500	0.67%	December 29, 2020 ⁽⁴⁾

Notes:

- (1) Before any exercise of the share options granted under the Pre-IPO Share Option Plan.
- (2) The Company may issue Shares without any lock-up obligations after the indicated date.
- (3) Each Controlling Shareholder may dispose of or transfer Shares after the indicated date subject to that such Controlling Shareholder will not cease to be a Controlling Shareholder.
- (4) The Controlling Shareholders, the Pre-IPO Investors and the Cornerstone Investors may dispose of or transfer Shares without any lock-up obligation after the indicated date.
- (5) Does not apply to Sale Shares that may be sold pursuant to the exercise of the Over-allotment Option.

BASIS OF ALLOCATION UNDER THE HONG KONG PUBLIC OFFERING

Subject to the satisfaction of the conditions set out in the sub-section headed “Structure of the Global Offering – The Global Offering – Conditions of the Global Offering” in the Prospectus, valid applications made by the public on **WHITE** and **YELLOW** Application Forms and through giving **electronic application instructions** to HKSCC via CCASS and to the **White Form eIPO** Service Provider under the **White Form eIPO** service will be conditionally allocated on the basis set out below:

Number of Shares applied for	Number of valid applications	Basis of allocation/ballot	Approximate percentage allotted of the total number of Shares applied for
Pool A			
500	201,719	18,155 out of 201,719 to receive 500 Shares	9.00%
1,000	24,854	2,490 out of 24,854 to receive 500 Shares	5.01%
1,500	9,377	956 out of 9,377 to receive 500 Shares	3.40%
2,000	8,577	885 out of 8,577 to receive 500 Shares	2.58%
2,500	5,737	602 out of 5,737 to receive 500 Shares	2.10%
3,000	6,110	642 out of 6,110 to receive 500 Shares	1.75%
3,500	9,393	1,019 out of 9,393 to receive 500 Shares	1.55%
4,000	3,803	441 out of 3,803 to receive 500 Shares	1.45%
4,500	2,565	323 out of 2,565 to receive 500 Shares	1.40%
5,000	16,937	2,134 out of 16,937 to receive 500 Shares	1.26%
6,000	4,974	740 out of 4,974 to receive 500 Shares	1.24%
7,000	6,082	1,046 out of 6,082 to receive 500 Shares	1.23%
8,000	6,717	1,290 out of 6,717 to receive 500 Shares	1.20%
9,000	3,903	836 out of 3,903 to receive 500 Shares	1.19%
10,000	24,509	5,784 out of 24,509 to receive 500 Shares	1.18%
15,000	10,169	3,569 out of 10,169 to receive 500 Shares	1.17%
20,000	7,961	3,694 out of 7,961 to receive 500 Shares	1.16%
25,000	4,224	2,429 out of 4,224 to receive 500 Shares	1.15%
30,000	4,234	2,896 out of 4,234 to receive 500 Shares	1.14%
35,000	2,461	1,947 out of 2,461 to receive 500 Shares	1.13%
40,000	2,787	2,497 out of 2,787 to receive 500 Shares	1.12%
45,000	1,604	500 Shares	1.11%
50,000	5,727	500 Shares plus 286 out of 5,727 to receive additional 500 Shares	1.05%
60,000	2,212	500 Shares plus 549 out of 2,212 to receive additional 500 Shares	1.04%
70,000	2,830	500 Shares plus 1,251 out of 2,830 to receive additional 500 Shares	1.03%
80,000	2,594	500 Shares plus 1,639 out of 2,594 to receive additional 500 Shares	1.02%
90,000	1,081	500 Shares plus 884 out of 1,081 to receive additional 500 Shares	1.01%
100,000	6,228	1,000 Shares	1.00%
150,000	3,025	1,000 Shares plus 756 out of 3,025 to receive additional 500 Shares	0.75%
200,000	2,513	1,000 Shares plus 2,010 out of 2,513 to receive additional 500 Shares	0.70%
250,000	1,218	1,500 Shares	0.60%
300,000	1,227	1,500 Shares plus 663 out of 1,227 to receive additional 500 Shares	0.59%
350,000	843	2,000 Shares	0.57%

398,195

Number of Shares applied for	Number of valid applications	Basis of allocation/ballot	Approximate percentage allotted of the total number of Shares applied for
Pool B			
400,000	6,886	2,000 Shares plus 551 out of 6,886 to receive additional 500 Shares	0.51%
450,000	780	2,000 Shares plus 262 out of 780 to receive additional 500 Shares	0.48%
500,000	1,431	2,000 Shares plus 1,036 out of 1,431 to receive additional 500 Shares	0.47%
600,000	678	2,500 Shares	0.42%
700,000	891	2,500 Shares plus 659 out of 891 to receive additional 500 Shares	0.41%
800,000	581	3,000 Shares	0.38%
900,000	289	3,000 Shares plus 212 out of 289 to receive additional 500 Shares	0.37%
1,000,000	2,059	3,500 Shares	0.35%
3,000,000	726	8,000 Shares	0.27%
5,000,000	260	12,500 Shares	0.25%
7,000,000	168	17,000 Shares	0.24%
9,000,000	83	21,000 Shares	0.23%
11,270,000	376	25,000 Shares	0.22%
	15,208		

The final number of Offer Shares comprised in the Hong Kong Public Offering is 112,700,000 Offer Shares, representing approximately 50% of the total number of the Offer Shares initially available under the Global Offering. The final number of Offer Shares comprised in the International Offering is 112,697,500 Offer Shares, representing approximately 50% of the total number of the Offer Shares initially available under the Global Offering.

RESULTS OF ALLOCATIONS

The results of allocations of Hong Kong Offer Shares under the Hong Kong Public Offering successfully applied for under **WHITE** and **YELLOW** Application Forms and by giving **electronic application instructions** to HKSCC or through the designated **White Form eIPO** service, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of the Hong Kong Offer Shares successfully applied for, will be made available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company's website at www.kangjimedical.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, June 26, 2020;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, June 26, 2020 to 12:00 mid-night on Thursday, July 2, 2020; and
- by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. to 6:00 p.m. from Friday, June 26, 2020 to Thursday, July 2, 2020 on a business day (excluding Saturday, Sunday and public holidays); and

- in the special allocation results booklets which will be available for inspection during opening hours from Friday, June 26, 2020 to Monday, June 29, 2020 at the following designated branches of Bank of China (Hong Kong) Limited:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Gilman Street Branch	136 Des Voeux Road Central, Hong Kong
Kowloon	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong, Kowloon
Kowloon	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long, New Territories

Results of allocations of the Hong Kong Offer Shares in the Hong Kong Public Offering, the level of indication of interests in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares will also be published on Friday, May 26, 2020 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company's website at www.kangjimedical.com and the website of the Stock Exchange at www.hkexnews.hk.