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VIVA BIOTECH HOLDINGS

维亚生物科技控股集团

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock code: 1873)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Placing Agents



PLACING OF NEW SHARES

On July 3, 2020, the Company entered into the Placing Agreement with the Placing Agents whereby the Company has conditionally agreed to place, through the Placing Agents, an aggregate of 130,000,000 Placing Shares to not less than six Placees at a price of HK\$8.15 per Placing Share.

The 130,000,000 Placing Shares that may be allotted and issued will utilize the General Mandate, and will represent approximately 7.71% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.16% of the enlarged issued share capital of the Company immediately following 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). Since the Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

The Placing Price of HK\$8.15 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agents and represents (i) a discount of approximately 9.85% to the closing price of HK\$9.04 per Share as quoted on the Stock Exchange on July 2, 2020, being the trading day immediately preceding date of the Placing Agreement; (ii) a premium of approximately 3.74% to the average closing price of HK\$7.86 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement; and (iii) a premium of approximately 540.60% to the audited consolidated net asset value of the Company of approximately HK\$1.27 per Share on 31 December 2019 (which is calculated by dividing the audited consolidated net assets attributable to the Shareholders as at 31 December 2019 of approximately HK\$1,777.39 million by the number of Shares in issue as at 31 December 2019 of 1,561,818,398 shares).

The Placing is not subject to Shareholders' approval as the Placing Shares will be allotted and issued under the General Mandate.

Assuming all the 130,000,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds will be HK\$1,059.50 million and the net proceeds arising from the Placing are estimated to be HK\$1,050.73 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).

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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares (stock code: 1873) and guaranteed convertible bonds of the Company (stock code: 40144) on the Stock Exchange was halted with effect from 9:00 a.m. on July 3, 2020 pending release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its securities on the Stock Exchange with effect from 1:00 p.m. on the same day.

THE PLACING AGREEMENT

Date

July 3, 2020

Parties

Issuer: The Company

Placing Agents: China International Capital Corporation Hong Kong Securities Limited and
J.P. Morgan Securities (Asia Pacific) Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents are third parties independent of the Company and its connected persons.

The Placing

The Placing Agents have conditionally agreed to place, or procure the placing of 130,000,000 Placing Shares at the Placing Price of HK\$8.15 per Placing Share, failing which, the Placing Agents will subscribe for the Placing Shares.

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 Agents will place the Placing Shares to professional, institutional, or other investors that are third parties independent of the Company and its connected persons. 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 third parties independent of the Company and its connected person. The Placing Agents will use their reasonable endeavours to ensure that none of the Placees will become a substantial shareholder (within the meaning of the Listing Rules) of the Company immediately upon completion of the Placing.

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 130,000,000 Placing Shares under the Placing represents approximately 7.71% of the issued share capital of the Company as at the date of this announcement, and approximately 7.16% 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\$3,250.

Placing Price

The Placing Price is HK\$8.15 per Placing Share which represents:

- (i) a discount of approximately 9.85% to the closing price of HK\$9.04 per Share as quoted on the Stock Exchange on the trading day immediately preceding the date of the Placing Agreement;
- (ii) a premium of approximately 3.74% to the average closing price of approximately HK\$7.86 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement; and
- (iii) a premium of approximately 540.60% to the audited consolidated net asset value of the Company of approximately HK\$1.27 per Share on 31 December 2019 (which is calculated by dividing the audited consolidated net assets attributable to the Shareholders as at 31 December 2019 of approximately HK\$1,777.39 million by the number of Shares in issue as at 31 December 2019 of 1,561,818,398 shares)

The Placing Price was determined on an arm's length basis between the Company and the Placing Agents 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 at the AGM held on June 10, 2020 pursuant to which the Board is authorised to allot, issue and deal with up to 322,854,569 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the 130,000,000 Placing Shares under the Placing represents approximately 40.27% 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 on the date of allotment and issue of the Placing Shares.

Conditions precedent and completion

Completion of the Placing Agreement is conditional upon 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. on 15 July 2020, being the long stop date of the Placing Agreement, or such other date to be agreed between the Company and the Placing Agents 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 15 July 2020 or such other date to be agreed between the Company and the Placing Agents in writing (the “**Closing Date**”).

Lock-up Undertakings by the Company

The Company has undertaken that save for issuance of new Shares pursuant to (i) the conversion of guaranteed convertible bonds of the Company due 2025 as disclosed in the announcements of the Company dated 23 January 2020 and 11 February 2020 or (ii) the exercise of options under the pre-IPO share incentive scheme and the post-IPO share option scheme as described in the Company’s prospectus dated 25 April 2019, for the period commencing from the date of the Placing Agreement up to 90 days after the Closing Date neither the Company nor any person acting on its behalf will (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe for (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 (whether by actual disposition or effective economic disposition or swap due to or otherwise by way of cash settlement or otherwise) or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with similar economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, in each case, without first having obtained the written consent of the Placing Agents.

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 Agents may, after consultation with the Company (to the extent that the same is reasonably practicable), 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 322,854,569 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 is an integrated drug discovery platform in the PRC. 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\$1,059.50 million and approximately HK\$1050.73 million respectively. The net placing price per Placing Share will be approximately HK\$8.08.

The Company intends to apply the proceeds from the Placing as follows:

- (i) approximately 70% of the net proceeds from the Placing towards business development and expansion, mainly for the investment and acquisition of downstream business (including small molecule CMO, large molecule CMO and other complementary business); and
- (ii) any remaining amounts towards other working capital and general corporate purposes.

The Company will select investment and acquisition targets which could potentially provide effective synergy with its platform and support for expansion of its downstream business. The Company would consider, amongst others, the size and scale of the targets, their existing management team and operating history, technology and expertise, operational and manufacturing capacity and financial performance when identifying appropriate targets.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past twelve (12) months immediately preceding the date of this announcement:

Date of announcements	Fund raising activity	Proceeds from the fund raising	Intended use of proceeds	Actual use of the net proceeds
January 22, 2020; January 23, 2020; February 5, 2020; February 11, 2020	Issuance of convertible bonds	Approximately US\$180 million	Used for business development and expansion, working capital and general corporate purposes	Parts of the fund designated for general corporate purpose has been used for partial satisfaction of acquiring certain property in Shanghai as set out in the Company's announcement dated July 1, 2020. Unused amount will be used as intended

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 the maximum number of Placing Shares are placed and there is no change in the share issued 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>
Mao Chen Cheney (Note 1)	481,118,527	28.52%	481,118,527	26.48%
Hua Fengmao (Note 2)	128,246,166	7.60%	128,246,166	7.06%
Mao Jun (Note 3)	316,696,136	18.77%	316,696,136	17.43%
Wu John Jiong (Note 4)	232,792,092	13.80%	232,792,092	12.81%
Wu Ying (Note 5)	20,314,627	1.20%	20,314,627	1.12%
Ren Delin (Note 6)	9,553,317	0.57%	9,553,317	0.53%
The Placees	–	0.00%	130,000,000	7.16%
Other Public	585,894,635	34.73%	585,894,635	32.25%
Total	1,686,833,314	100.00%	1,816,833,314	100.00%

Note 1: Mr. Mao Chen Cheney is the settlor and trustee of the Mao Investment Trust and is interested in the Shares held by him in his capacity as trustee of the Mao Investment Trust. Also Mr. Mao is the investment manager of the Min Zhou 2018 Family Trust and the manager of MZFT, LLC who exercises the voting rights of the Shares directly held by MZFT, LLC. Mr. Mao is also a beneficiary of Min Zhou 2018 Family Trust, CCMFT Trust Scheme and The Chen Mao Charitable Remainder Trust.

Note 2: Mr. Hua Fengmao holds 100.00% equity interest in China Finance Strategies Investment DB Limited. Therefore, Mr. Hua Fengmao is deemed to be interested in the Shares directly held by China Finance Strategies Investment DB Limited.

Note 3: Each of Mao and Sons Limited, and Zhang and Sons Limited is indirectly wholly-owned by Intertrust (Singapore) Ltd. as the trustee of the Z&M Trust (whose interest is held through Z&M International Holdings Limited). Each of JL and JSW Holding Limited, MENGL Holding Limited, TIANL Holding Limited and VVBI Limited is indirectly wholly-owned by Intertrust (Singapore) Ltd. as the trustee of the VVBI Trust (whose interest is held through VVBI Holdings Limited). Each of the Z&M Trust and the VVBI Trust is a revocable family trust set up by Ms. Mao Jun as settlor and protector. Ms. Mao Jun is also a beneficiary of the relevant family trusts. Therefore, Ms. Mao Jun is deemed to be interested in the Shares directly held by each of Mao and Sons Limited, Zhang and Sons Limited, JL and JSW Holding Limited, MENGL Holding Limited, TIANL Holding Limited and VVBI Limited. Ms. Mao Jan is also a beneficiary of Mao Investment Trust.

Note 4: Mr. John Wu Jiong holds 100.00% equity interest in each of Fenghe Harvest Ltd and Wu and Sons Limited. In addition, Mr. John Wu Jiong holds 45.00% equity interest in Fenghe Canary Limited. Therefore, Mr. John Wu Jiong is deemed to be interested in the Shares directly held by Fenghe Harvest Ltd, Wu and Sons Limited and Fenghe Canary Limited.

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

Note 6: Mr. Ren Delin is a beneficiary of Vivastar Trust Scheme.

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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares (stock code: 1873) and guaranteed convertible bonds of the Company (stock code: 40144) on the Stock Exchange was halted with effect from 9:00 a.m. on July 3, 2020 pending release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its securities on the Stock Exchange with effect from 1:00 p.m. on the same day.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on June 10, 2020
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday) on which banks are open for business in Hong Kong
“Company”	Viva Biotech Holdings, 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: 1873)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agents or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 130,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agents”	China International Capital Corporation Hong Kong Securities Limited and J.P. Morgan Securities (Asia Pacific) Limited

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated July 3, 2020 in relation to the Placing
“Placing Price”	HK\$8.15 per Placing Shares
“Placing Shares”	up to 130,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong; Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of US\$0.000025 each
“Shareholder(s)”	the holders 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
Viva Biotech Holdings
Mao Chen Cheney
Chairman and Executive Director

Hong Kong, July 3, 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying, Mr. Hua Fengmao and Mr. Ren Delin; two Non-executive Directors, namely, Ms. Mao Jun and Ms. Sun Yanyan; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.