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## **Kangji Medical Holdings Limited**

**康基医疗控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9997)**

### **DISCLOSEABLE TRANSACTION**

### **PURCHASE OF DUAL CURRENCY PRODUCTS**

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The Board of the Company announces that (i) on October 30, 2020, the Company entered into a purchase agreement with Goldman Sachs, pursuant to which the Company purchased dual-currency products in the principal amount of US\$20 million from Goldman Sachs; (ii) on December 3, 2020, the Company entered into another purchase agreement with Goldman Sachs, pursuant to which the Company agreed to purchase dual-currency products with similar nature of the products purchased on October 30, 2020 in the principal amount of US\$50 million from Goldman Sachs.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the dual-currency products purchased from Goldman Sachs exceeds 5% but all of the applicable percentage ratios are less than 25%, the purchase of the dual-currency products under the Dual-currency Products Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

#### **BACKGROUND**

The Board announces that (i) on October 30, 2020, the Company entered into a purchase agreement with Goldman Sachs, pursuant to which the Company purchased dual-currency products in the principal amount of US\$20 million from Goldman Sachs; (ii) on December 3, 2020, the Company entered into another purchase agreement with Goldman Sachs, pursuant to which the Company agreed to purchase dual-currency products with similar nature of the products purchased on October 30, 2020 in the principal amount of US\$50 million from Goldman Sachs.

## THE DUAL CURRENCY PRODUCTS AGREEMENTS

The principal terms of the Dual-currency Products Agreements are set out as follows:

Date of purchase:	October 30, 2020	December 3, 2020
Name of product:	USD Denominated Notes linked to USD/RMB Exchange Rate	USD Denominated Notes linked to USD/RMB Exchange Rate
Purchase amount:	US\$20 million	US\$50 million
Redemption amount:	Expiration date: December 16, 2020 Maturity date: December 18, 2020	Expiration date: February 2, 2021 Maturity date: February 4, 2021
	Underlying: the USD/RMB spot exchange rate, expressed as the number of RMB for which one USD could be purchased, as reported or published by the Hong Kong Treasury Markets Association (which appears on the Reuters screen “CNHFIX=” or its successor or replacement) at or around 11:30 a.m., Hong Kong time	Underlying: the USD/RMB spot exchange rate, expressed as the number of RMB for which one USD could be purchased, as reported or published by the Hong Kong Treasury Markets Association (which appears on the Reuters screen “CNHFIX=” or its successor or replacement) at or around 11:30 a.m., Hong Kong time
	Reference Price: the official currency exchange rate of the Underlying as determined and published by the Reuters on the expiration date	Reference Price: the official currency exchange rate of the Underlying as determined and published by the Reuters on the expiration date
	Strike price: 1 USD = RMB6.84	Strike price: 1 USD = RMB6.70
	Interest rate: 3.5% per annum	Interest rate: 1.6% per annum
	On the maturity date:	On the maturity date:
	(i) if the reference price is greater than the strike price, an amount in RMB as determined by Goldman Sachs equal to: purchase amount x (100% + interest rate x day count fraction) x strike price	(i) if the reference price is greater than the strike price, an amount in RMB as determined by Goldman Sachs equal to: purchase amount x (100% + interest rate x day count fraction) x strike price

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| (ii) otherwise, an amount in USD as determined by Goldman Sachs equal to: purchase amount x (100% + interest rate x day count fraction) | (ii) otherwise, an amount in USD as determined by Goldman Sachs equal to: purchase amount x (100% + interest rate x day count fraction) |
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Principle for calculation of interest: Day Count Fraction = Number of Days/360; 30 days per month and 360 days per year

Right of early termination: The Company is entitled to early terminate the Dual-currency Products Agreements pursuant to the terms as stipulated in the agreements

**INFORMATION ON THE PARTIES**

The Company is an investment holding company and the Group is principally engaged in designing, developing, manufacturing and selling MISIA products in China.

Goldman Sachs International, an indirect subsidiary of Goldman Sachs Group Inc., is incorporated under the law of United Kingdom and principally engaged in investment banking; fixed income, currency and commodities (FICC); equities; and investment management, which includes asset management and wealth management.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Goldman Sachs and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**FUNDS FOR THE PURCHASE AND BASIS OF DETERMINATION OF CONSIDERATION**

As at the date of this announcement, the Company used a portion of its IPO proceeds in the amount of approximately HK\$542.5 million (equivalent to approximately US\$70 million) for the purchase of dual-currency products under the Dual-currency Products Agreements. As the dual-currency products are high liquidity and low risk in nature, and the term for such products are only a few months, the Board considers that such products can help partially hedge against the foreign currency fluctuation risk for a portion of the IPO proceeds that are temporarily standing idle.

The Company confirms that there is no change in the use of IPO proceeds as well as the expected timeframe for the unutilized proceeds as described in the interim report of the Company published on September 21, 2020 with respect to the purchase of dual-currency products.

The Board considers that the consideration for the aforementioned purchase of dual-currency products is determined on the basis of fair commercial terms.

## **REASONS FOR AND BENEFITS OF THE PURCHASE OF DUAL CURRENCY PRODUCTS**

As the transactions of the Group in its normal course of business and the future use of the IPO proceeds are mainly denominated in RMB and the IPO proceeds received by the Company are denominated in HK dollar which is pegged to US dollar, any depreciation of US dollar against RMB may therefore have a negative impact on the financial results of the Group. In light of this, the Company entered into Dual-currency Products Agreements with the aim of partially hedging against such currency risk in the near term.

The Directors consider that the terms of the Dual-currency Products Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the dual-currency products purchased from Goldman Sachs exceeds 5% but all of the applicable percentage ratios are less than 25%, the purchase of the dual-currency products under the Dual-currency Products Agreements as mentioned above constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	Kangji Medical Holdings Limited
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Dual-currency Products Agreements”	the agreements for purchase of dual-currency products entered into between the Company and Goldman Sachs dated October 30, 2020 and December 3, 2020, collectively
“Goldman Sachs”	Goldman Sachs International
“Group”	the Company, together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD”, “HK\$” or “HK dollar”	HK dollar, the lawful currency of Hong Kong
“IPO”	initial public offering
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MISIA”	minimally invasive surgical instruments and accessories
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“USD”, “US\$” or “US dollar”	US dollar, the lawful currency of the United States

By order of the Board  
**Kangji Medical Holdings Limited**  
**ZHONG Ming**  
*Chairman*

Hangzhou, PRC, December 3, 2020

*As at the date of this announcement, the Board comprises Mr. ZHONG Ming, Ms. SHENTU Yinguang and Ms. Frances Fang CHOVANEC as executive Directors; Ms. CAI Li and Mr. CHEN Gang as non-executive Directors; and Mr. JIANG Feng, Mr. GUO Jian and Mr. CHEN Weibo as independent non-executive Directors.*