IPO FACT SHEET

Venus Medtech (Hangzhou) Inc. (2500)

ISSUE STATISTICS

Offer Size:	HK$2,277.587m – HK$2,591.738m
Placement Tranche:	78.5375m H Shares
Price:	HK$29.0 – HK$33.0
Board lot:	500
Entry fee:	HK$16,666.28
Historical PE	N.A
Net tangible asset per share:	HK$4.83 – HK$5.63
Market Cap (post-IPO):	HK$11,400m – HK$13,000m
Open:	28 Nov 2019
Close:	12.00 noon on 03 Dec 2019
Trading:	10 Dec 2019
Sponsor:	Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited, China Merchants Securities (HK) Co., Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	18,164	N.A
2018	115,348	535.0%
(Loss) for the year/period		
2017	(157,948)	N.A
2018	(299,620)	89.7%

BACKGROUND

- The Group is the leading transcatheter heart valve medical device player in China in terms of implantation volume in 2018.
- According to Frost & Sullivan, they had a 79.3% market share in China by implantation volume of TAVR products in 2018.
- Their self-developed product, VenusA-Valve, is the first TAVR product approved by the NMPA and commercialized in China.
- As the pioneer in the transcatheter heart valve industry in China, they enjoy first mover advantages. They believe that their first mover advantages, together with their comprehensive product pipeline covering all four heart valves, robust intellectual property portfolio with 193 issued patents and 196 patent applications as of the Latest Practicable Date, and visionary management team, will serve as high entry barriers and differentiate them from their peers.
- Their products and product candidates are designed for transcatheter implantation to replace dysfunctional heart valves (i.e. TAVR, TPVR, TMVR and TTVR) mainly associated with aortic stenosis and pulmonic, mitral and tricuspid regurgitation.

BUSINESS STRATEGIES

- Continue to grow sales of VenusA-Valve.
- Leverage their experience with VenusA-Valve to commercialize VenusP-Valve and other product candidates in China.
- Expand their presence in North America, the EU and emerging markets to become a global leader.
- Continue to advance and strengthen their pipeline products within the structural heart disease space.

COMPETITIVE STRENGTHS

- Market leader in a large untapped and fast-growing transcatheter heart valve industry in China.
- Significant first mover advantages in China enhanced by their focus on innovation.
- Comprehensive product portfolio solidifying their leading position and addressing unmet medical needs.
- Established transcatheter heart valve platform supported by their global expert network.
- Visionary and experienced management and advisory board with a proven track record.

KEY RISKS

- They have incurred net losses since their inception and may incur net losses for the foreseeable future, and you may lose substantially all your investments in them given the high risks involved in the medical device business.
- Their sales mainly rely on one product, VenusA-Valve.
- Their future growth depends substantially on the success of their product candidates. If they are unable to successfully complete clinical development, obtain regulatory approval and commercialize their product candidates, or experience significant delays in doing so, their business will be materially harmed.
- If they encounter difficulties enrolling patients in their clinical trials, their clinical development activities could be delayed or otherwise adversely affected.
- Clinical product development involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to products under development could have a material adverse effect on their prospects.
- All material aspects of the research, development and commercialization of their products are heavily regulated.
- If they are not able to obtain, or experience delays in obtaining, required regulatory approvals, they will not be able to commercialize their product candidates, and their ability to generate revenue will be materially impaired.
- Undesirable adverse events caused by their products and product candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.
- If they fail to increase their production capacity as planned, their business prospects could be materially and adversely affected.
- If their products cause, or are perceived to cause, severe adverse events, their reputation, revenue and profitability could be materially and adversely affected.
- Delays in completing and receiving regulatory approvals for their manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay their development plans or commercialization efforts.
- They rely on supply from limited suppliers, which may severely harm their operations if the supplier loses its qualification or eligibility because of its failure to comply with regulatory requirements or stops their supply due to contractual disputes.
- The manufacture of their products is highly complex and subject to strict quality controls. If they or one of their suppliers or logistics partners encounters manufacturing, logistics, or quality problems, including as a result of natural disasters, their business could suffer.
- Downward change in pricing of their products may have a material adverse effect on their business and results of operations.
- Goodwill represented a significant portion of their total assets as of May 31, 2019. If they determine their goodwill to be impaired, their results of operations and financial condition may be adversely affected.
- If they determine their intangible assets (other than goodwill) to be impaired, their results of operations and financial condition may be adversely affected.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Allocated to their Core Products.	799.6	35.0%
Allocated to their other products and product candidates.	685.4	30.0%
Fund payment of considerations and other transaction expenses related to acquisition of Keystone.	228.5	10.0%
Fund their continued expansion of product portfolio through internal research and/or potential acquisition.	342.6	15.0%
For working capital and other general corporate purposes.	228.5	10.0%
Total:	**2,284.6**	**100.0%**

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