

IPO FACT SHEET
VIVA Biotech Holdings (1873)
ISSUE STATISTICS

Offer Size:	HK\$1,179.9m - HK\$1,521.45m
Placement Tranche:	345m
Price:	HK\$3.42-HK\$4.41
Board lot:	500
Entry fee:	HK\$2,227.22
Historical PE	50.2x-64.7x
Net tangible asset per share:	HK\$0.99-HK\$1.20
Market Cap (post-IPO):	HK\$5,130m- HK\$6,615m
Open:	25 Apr 2019
Close:	12.00 noon on 30 Apr 2019
Trading:	09 May 2019
Sponsor:	China International Capital Corporation Hong Kong Securities Limited

Year ended 31 Dec	(Rmb\$'000)	yoy % chg
Revenue		
FY2017	148,245	53.6%
FY2018	210,033	41.7%
Profit and total comprehensive income for the year attribute to owners of the Company		
FY2017	76,260	211.6%
FY2018	90,550	18.7%

BACKGROUND

- The Group operate a leading structure-based, integrated drug discovery platform.
- They provide structure-based drug discovery services to their biotechnology and pharmaceutical customers worldwide for their preclinical stage innovative drug development.
- Their services cover the full spectrum of their customers' needs for early stage drug discovery, including target protein expression and structure research, hit screening, lead optimization and drug candidate determination. Their patented core technologies, as well as their proprietary know-how which enables us to effectively shorten the average time required for drug discovery, are widely recognized by their customers.
- They have provided drug discovery services to nine of the ten largest global pharmaceutical companies (in term of revenues in 2017), as well as hundreds of biotechnology companies and research institutes worldwide including 23 companies named in the Fierce Biotech Top 15 Promising Biotech.

BUSINESS STRATEGY AND FUTURE PLANS

- Continue to invest in cutting-edge technologies through both in-house research and development and potential acquisitions,
- Further expand their incubation portfolios by replicating their successful business model,
- Develop CMO business to achieve vertical integration of a discovery, development and manufacturing platform,
- Continue to attract and train quality talents and further strengthen their R&D team, and
- Further expand their customer base.

COMPETITIVE STRENGTHS

- World-leading structure-based technologies that enable us to stand at the gateway for first-in-class drug discovery,
- Innovative and unique business model to tap into vast pharmaceutical market,
- Integrated drug discovery platform attracting top scientists and talents worldwide,
- Systematic incubation program to capture the highest return of the biotechnology value chain, and

- Growing ecosystem open to global industry participants.

KEY RISKS

- Their business largely depends on their customers' demand for outsourced services and their R&D budget, and any reduction in their customers' demand or budget could have a material adverse effect on their business, financial condition, results of operations and prospects.
- Their success depends on their ability to attract, train and retain highly skilled scientists and other technical personnel.
- They may not be able to realize their anticipated investment returns from their incubation portfolio companies.
- Valuation methodologies for their investments can involve subjective judgments, and their financial condition and results of operations may be materially impacted by gains or losses arising from changes in the fair value of the equity interest that they hold in their incubation portfolio companies.
- The due diligence process that they undertake in connection with investments in their incubation portfolio companies may not reveal all facts that may be relevant in connection with an investment.
- They face liquidity risks relating to their incubation portfolio companies.
- Changes in government regulations or in practices relating to the pharmaceutical and biotechnology industries could decrease demand for the services they provide, and compliance with new regulations may result in additional costs.
- Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect their business, financial condition, results of operations and prospects.
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or their management named in the documents based on Hong Kong or other foreign laws.
- No public market currently exists for their Shares; an active trading market for their Shares may not develop and the market price for their Shares may decline or become volatile.
- Facts, forecasts and statistics in this document relating to the PRC economy and healthcare industry may not be fully reliable.

DIVIDEND POLICY

- To distribute to their shareholders up to 30% of any distributable profit.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for expanding their EFS model to add more promising biotechnology startups in China and overseas to their incubation portfolio.	369.5m	30.0%
Will be used for building up their commercial and research manufacturing capabilities and capacities both in biologics CMO and chemistry CMO areas, which potentially includes acquiring land parcels, constructing relevant facilities, completing renovations and expanding their office spaces. In early 2018, they started preliminary discussions with a local government authority in Chengdu regarding potentially acquiring a land parcel for the purpose of constructing new biologics manufacturing facilities, which is pending on the completion of all necessary procedures set forth in the agreement.	369.5m	30.0%
Will be used for purchasing laboratory equipment and materials in accordance with their expansion plans, such as cell incubators, centrifuges, bioreactors, ultra-low degree freezer, ultrafiltration/diafiltration system, cell metric CLD, cedex bio HT analyzer and fill/finish system.	123.2m	10.0%
Will be used for hiring, training and retaining biologics and chemical drug research and development personnel, which is expected to reach 500 staffs by the end of 2019 and to consist of bachelors, masters and doctors with biology or chemistry related majors, and their respective annual salaries will be determined in accordance with their credentials and work experience.	123.2m	10.0%
Will be used for expanding their CMO business by acquisition or alliance, which potentially includes acquiring new technologies, businesses or services, such as technologies for upstream process biologic development, downstream process biologics capability or a small molecule CMO facility, and/or entering into strategic alliances with third parties.	123.2m	10.0%
Will be used for general corporate and working capital purposes.	123.2m	10.0%
Total:	\$1,231.7m	100.00%

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