杭州啓明醫療器械股份有限公司
Venus Medtech (Hangzhou) Inc.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2500)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

The Board of Venus Medtech (Hangzhou) Inc. is pleased to announce the unaudited condensed consolidated interim results of the Group reviewed by the Audit Committee for the six months ended June 30, 2020, together with comparative figures for the same period of 2019.

FINANCIAL HIGHLIGHTS

	Six months ended June 30, 2020 (Unaudited) *RMB'000*	Six months ended June 30, 2019 (Unaudited) *RMB'000*	Period-to-period change
Revenue	**102,049**	107,423	(5%)
Gross Profit	**85,087**	88,447	(4%)
Loss before tax	**(43,529)**	(185,770)	(77%)
Loss for the period	**(43,538)**	(185,782)	(77%)
Loss attributable to owners of the parent	**(43,524)**	(185,762)	(77%)
Loss per Share attributable to ordinary equity holders of the parent			
Basic and diluted *(RMB)*	**(0.11)**	(0.62)	(82%)

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2020, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2020

	Notes	**Six months ended June 30, 2020 (Unaudited)** ***RMB'000***	Six months ended June 30, 2019 (Unaudited) *RMB'000*
REVENUE	*4*	**102,049**	107,423
Cost of sales		**(16,962)**	(18,976)
Gross profit		**85,087**	88,447
Other income and gains		**50,067**	2,833
Selling and distribution expenses		**(47,215)**	(50,669)
Research and development costs		**(67,607)**	(104,664)
Administrative expenses		**(39,155)**	(103,114)
Other expenses		**(20,418)**	(7,435)
Finance costs		**(3,074)**	(10,059)
Impairment losses on financial assets, net		**(949)**	(1,109)
Share of loss of an associate		**(265)**	–
LOSS BEFORE TAX	*5*	**(43,529)**	(185,770)
Income tax expense	*6*	**(9)**	(12)
LOSS FOR THE PERIOD		**(43,538)**	(185,782)

	Note	**Six months ended June 30, 2020 (Unaudited)** ***RMB'000***	Six months ended June 30, 2019 (Unaudited) *RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**7,602**	(375)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**440**	(232)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**8,042**	(607)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(35,496)**	(186,389)
Loss attributable to:			
Owners of the parent		**(43,524)**	(185,762)
Non-controlling interests		**(14)**	(20)
		(43,538)	(185,782)
Total comprehensive loss attributable to:			
Owners of the parent		**(35,482)**	(186,369)
Non-controlling interests		**(14)**	(20)
		(35,496)	(186,389)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB(0.11)**	RMB(0.62)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at June 30, 2020 (Unaudited)** ***RMB'000***	As at December 31, 2019 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**66,748**	60,381
Goodwill		**524,356**	479,626
Other intangible assets		**198,364**	185,145
Investment in an associate		**6,813**	–
Deferred tax assets		**3,025**	2,800
Equity investments designated at fair value through other comprehensive income		**30,180**	29,740
Financial assets at fair value through profit or loss		**28,410**	–
Prepayments, other receivables and other assets		**67,964**	6,665
Total non-current assets		**925,860**	764,357
CURRENT ASSETS			
Inventories		**37,870**	24,789
Trade receivables	*9*	**160,473**	162,200
Prepayments, other receivables and other assets		**112,064**	303,462
Pledged deposits		**278,360**	746
Cash and cash equivalents		**1,969,485**	2,413,254
Total current assets		**2,558,252**	2,904,451
CURRENT LIABILITIES			
Trade payables	*10*	**4,003**	1,452
Lease liabilities		**9,657**	8,992
Other payables and accruals		**360,562**	396,590
Due to a related party		**685**	685
Interest-bearing bank borrowings		**–**	120,000
Government grants, current		**24,046**	24,046
Contract liabilities		**2,481**	2,392
Refund liabilities		**11,855**	12,362
Tax payable		**2,202**	1,939
Total current liabilities		**415,491**	568,458

	As at June 30, 2020 (Unaudited) *RMB'000*	As at December 31, 2019 (Audited) *RMB'000*
NET CURRENT ASSETS	**2,142,761**	2,335,993
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,068,621**	3,100,350
NON-CURRENT LIABILITIES		
Lease liabilities	**17,326**	17,312
Deferred tax liabilities	**40,064**	37,292
Other borrowings	**981**	–
Total non-current liabilities	**58,371**	54,604
Net assets	**3,010,250**	3,045,746
EQUITY		
Equity attributable to owners of the parent		
Share capital	**404,469**	404,469
Reserves	**2,597,027**	2,632,509
	3,001,496	3,036,978
Non-controlling interests	**8,754**	8,768
Total equity	**3,010,250**	3,045,746

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Venus Medtech (Hangzhou) Inc. (the "**Company**") is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"). The registered address of the Company is located at Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, PRC.

During the six months ended June 30, 2020, the Company and its subsidiaries (the "**Group**") are principally engaged in research and development, and the manufacturing and sale of bioprosthetic heart valves.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 10, 2019.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2020 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The application of the revised IFRSs above did not have a material effect on the Group's interim condensed consolidated financial information.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**102,049**	107,423

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**101,617**	106,757
Other countries/regions	**432**	666
Total revenue from contracts with customers	**102,049**	107,423
Timing of revenue recognition		
Goods transferred at a point in time	**102,049**	107,423

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**16,211**	17,521
Impairment of trade receivables	**869**	1,105
Impairment of other receivables	**80**	4
Write-down of inventories to net realisable value	**1,655**	–
Loss on disposal of items of property, plant and equipment, net	**556**	19
Foreign exchange differences, net	**(20,861)**	843

6. INCOME TAX EXPENSE

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment is available to the Company, since it was recognised as High and New Technology Enterprises as at December 4, 2019 and was entitled to a preferential tax rate of 15% during the six months ended June 30, 2020 (six months ended June 30, 2019: 15%).

U.S.

Pursuant to the relevant tax laws of the U.S., federal corporation income tax was levied at the rate of 21% (six months ended June 30, 2019: 21%) on the taxable income arising in the U.S. (defined) during the six months ended June 30, 2020.

Israel

Pursuant to the relevant tax laws of Israel, the corporate income tax was levied at 23% (six months ended June 30, 2019: 23%) on the taxable income arising in Israel during the six months ended June 30, 2020.

UK

Pursuant to the relevant tax laws of the UK, the principal federal tax was levied at the rate of up to 19% (six months ended June 30, 2019: up to 19%) on the taxable income arising in the UK during the six months ended June 30, 2020.

The income tax expense of the Group during the period is analysed as follows:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax – U.S.		
Charge for the period	**929**	991
Current tax – Israel		
Charge for the period	**239**	264
Current tax – UK		
Charge for the period	**42**	48
Deferred tax	**(1,201)**	(1,291)
	9	12

7. DIVIDEND

The Board does not recommend the payment of any dividend in respect for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB43,524,000 (six months ended June 30, 2019: RMB185,762,000), and the weighted average number of ordinary shares of 403,416,478 (six months ended June 30, 2019: 300,121,679) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

The calculation of basic loss per share is based on:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**43,524**	185,762

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of shares in issue during the period	**403,416,478**	300,121,679

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 6 months	**105,876**	122,109
7 to 12 months	**46,028**	36,216
Over 12 months	**8,569**	3,875
	160,473	162,200

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 3 months	**3,539**	1,419
3 to 6 months	**4**	30
6 to 12 months	**460**	1
Over 12 months	**–**	2
	4,003	1,452

I. BUSINESS OVERVIEW

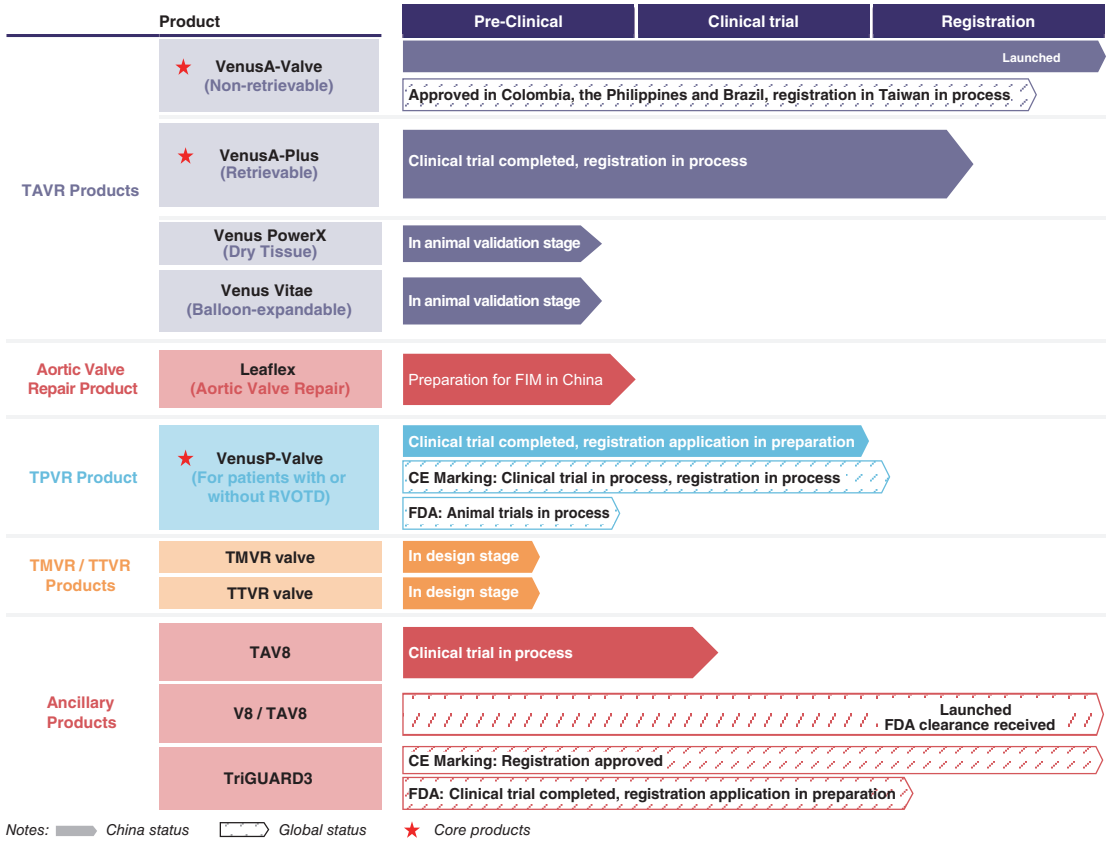
Overview

We operate in a large untapped and fast-growing transcatheter heart valve market in China and globally. Our 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.

Our Products and Product Pipeline

Our heart valve portfolio comprises of seven self-developed products and product candidates, including one marketed TAVR product (VenusA-Valve), one registration stage TAVR product (VenusA-Plus), two TAVR products in design stage (Venus PowerX and Venus Vitae), one clinical stage TPVR product (VenusP-Valve), one TMVR product in design stage and one TTVR product in design stage. In addition to heart valve systems, we offer key ancillary products compatible with transcatheter heart valve replacement procedures, including marketed valvuloplasty balloon products (V8 and TAV8) and a clinical stage CEP device (TriGUARD3). We are also offering one aortic valve repair device in pre-clinical stage (Leaflex).

The following chart summarizes the development status of our products and product candidates as of the date of this announcement:



Notes: *China status* *Global status* ★ *Core products*

"Retrievable" function allows physicians to retrieve the valve during a TAVR procedure

"Patients without RVOTD" refers to patients without RVOTD but have symptoms similar to those of RVOTD that can be treated with TPVR procedures using our VenusP-Valve

VenusA-Valve – Our Core Product

As a leader in TAVR technologies in China, we focus on the development, manufacturing and sale of transcatheter aortic heart valves and their respective delivery systems. We currently have one product on the market, VenusA-Valve, our first-generation TAVR device, which is used to treat severe aortic stenosis using a catheter-based approach. VenusA-Valve received marketing approval from the NMPA in April 2017, and was subsequently commercialized in August 2017, which marked the first NMPA-approved TAVR product and the first TAVR product commercialized in China. Moreover, we registered VenusA-Valve in Colombia in April 2018 and we commercialized VenusA-Valve in the Philippines in the third quarter of 2019. We submitted the GMP application of the manufacturing system of VenusA-Valve in Brazil in August 2018 and on-site audit was postponed due to COVID-19. We also submitted the product registration of VenusA-Valve in Brazil in August 2019 and received the approval in April 2020. We are also applying for the product registration of VenusA-Valve in Taiwan.

For the six months ended June 30, 2020, our revenue generated from the sales of VenusA-Valve amounted to RMB101.6 million, representing a decrease of 4.9% compared to RMB106.8 million for the six months ended June 30, 2019.

VenusA-Valve has been used to treat patients with severe aortic stenosis. According to Frost & Sullivan, there is an increasing population of aortic stenosis patients worldwide and in China, and the TAVR procedure in China has been applied to patients ineligible for surgeries and patients with intermediate to high surgical risk. As the FDA approved the application of certain transcatheter aortic heart valve products in TAVR procedures that treat low surgical risk patients, TAVR procedure is expected to be approved by the NMPA to be applied to patients with low to intermediate surgical risk in China in the future. Similarly in the Philippines and other markets where we have launched or are preparing to launch our TAVR products, the application of TAVR procedure is expected to be approved for severe aortic stenosis patients with low to intermediate surgical risk.

As of June 30, 2020, more than ten TAVR products in the global market had received FDA approval or CE Marking, and the major competitors are Edwards Lifesciences and Medtronic. There are also eight known TAVR pipeline products globally.

As of June 30, 2020, in China, there were three TAVR products approved for marketing by the NMPA in China, including VenusA-Valve of our Company, J-Valve of Jiecheng and VitaFlow-Valve of MicroPort. There were several TAVR pipeline products in China at clinical trial stage.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET VENUSA-VALVE IN TAIWAN SUCCESSFULLY.

VenusA-Plus – Our Core Product

VenusA-Plus is an upgraded product based on VenusA-Valve. Compared to VenusA-Valve, VenusA-Plus contains a DCS with retrieving function. In May 2018, we submitted to the NMPA an application for VenusA-Plus as an amendment to the VenusA-Valve registration we have obtained, and supplemented the application with further information in November 2019. Given (i) the application was expected to expire three months after our provision of further information, (ii) the outbreak of COVID-19 in the PRC since December 2019 and the travel restrictions and quarantine measures implemented in response were expected to affect the review process of the application by the NMPA, we voluntarily withdrew the application in early February 2020. We have re-submitted the application to the NMPA and expected to obtain the approval by the end of 2020.

Once VenusA-Plus is launched in the market, we believe it could be the first retrievable TAVR product in China.

Driven by the increasing number of patients with severe aortic stenosis and regurgitation, the number of TAVR procedures and the size of TAV market is expected to continue to grow. As of June 30, 2020, VenusA-Plus was one of the three TAVR product candidates with retrievable function at clinical trial stage in China. For details, see "VenusA-Valve – Our Core Product" above.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUSA-PLUS SUCCESSFULLY.

VenusP-Valve – Our Core Product

VenusP-Valve is a transcatheter pulmonary valve system, which is designed for percutaneous implantation via cardia catheterization into the RVOT to treat RVOTD including pulmonary valve backflow as a result of treatment for patients with congenital heart disease. We have completed the clinical trial in China for VenusP-Valve. In April 2019, VenusP-Valve was approved by the NMPA to be eligible for the Special Approval Procedures of Innovative Medical Devices promulgated by the NMPA. We submitted the application for the CE Marking in April 2019. Once launched, VenusP-Valve is expected to become the first TPVR product in China, the first TPVR product for patients with RVOTD after receiving TAP treatment globally, and the first self-expanding TPVR product globally.

VenusP-Valve is designed to treat patients with pulmonary regurgitation, which is mainly caused by degeneration of RVOT from a previous repair to treat ToF patients and other congenital heart diseases. With the increasing number of ToF and other RVOTD patients, demand for TPVR products such as VenusP-Valve is expected to increase. Considering the high prevalence of newborns with congenital heart defects every year in China and global market, TPVR treatment may become reimbursable under governmental medical insurance in the future, which will increase its accessibility and affordability. Meanwhile, the improved safety and efficacy of TPVR procedure over SPVR procedure will increase the acceptance among patients and physicians. Therefore, we expect the market adoption of our VenusP-Valve will increase.

As of June 30, 2020, there were three FDA or CE approved TPVR products including Sapien and Sapien XT from Edwards Lifesciences and Melody from Medtronic, and there were five product candidates at the clinical trial stage. More than 85% of ToF patients in China that went through RVOT enlargement procedures are treated with the transvalvular patch method, and the diameter of their pulmonary valve ring is larger than 22mm, making VenusP-Valve the only viable option among the three competing products, according to Frost & Sullivan.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUSP-VALVE SUCCESSFULLY.

Venus PowerX Valve

We are in the process of designing our product, Venus PowerX Valve, TAVR device, which is used to treat severe aortic stenosis using a catheter-based approach and self-expanding valve. Our design-stage animal studies for Venus PowerX Valve are currently on-going, and we are in the process of refining our design based on the animal studies. This program will feature coronary access, retrievability, steerability and dry tissue technology. For the sales of Venus PowerX Valve in China, similar to the registration of VenusA-Valve, we will submit our clinical trial results to the NMPA for its approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS POWERX VALVE SUCCESSFULLY.

Venus Vitae Valve

We are in the process of designing our product, Venus Vitae Valve, TAVR device, which is used to treat severe aortic stenosis using a catheter-based approach and balloon expandable valve. Our design-stage animal studies for Venus Vitae Valve are currently on-going, and we are in the process of refining our design based on the animal studies. The product will feature low profile, coronary access, steerability and innovative dehydrated tissue technology. For the sales of Venus Vitae Valve in China, similar to the registration of VenusA-Valve, we will submit our clinical trial results to the NMPA for its approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS VITAE VALVE SUCCESSFULLY.

Venus Mitral Valve

We are in the process of designing our product, Venus Mitral Valve, for TMVR treatment of mitral regurgitation patients. Our design-stage animal studies for Venus Mitral Valve are currently on-going, and we are in the process of refining our design based on the animal studies. For the sales of Venus Mitral Valve in China, similar to the registration of VenusA-Valve, we will submit our clinical trial results to the NMPA for its approval. We have strengthened Venus Mitral Valve program with the signing of a license agreement with Opus Medical Therapies, LLC., allowing us access to leading edge technology in the space.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS MITRAL VALVE SUCCESSFULLY.

Venus Tricuspid Valve

We are in the process of designing our product, Venus Tricuspid Valve, for TTVR treatment of tricuspid regurgitation patients. Our design-stage animal studies for Venus Tricuspid Valve are currently ongoing, and we are in the process of refining our design based on the animal studies. For the sales of Venus Tricuspid Valve in China, similar to the registration of VenusA-Valve, we will submit our clinical trial results to the NMPA for its approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS TRICUSPID VALVE SUCCESSFULLY.

V8 and TAV8

A balloon aortic valvuloplasty catheter system is designed to be used in stand-alone balloon aortic valvuloplasty procedures and the dilatation of aortic valve leaflets prior to and after TAVR procedure. InterValve has developed two generations of bicuspid aortic valve catheter system, V8 and TAV8, both of which have received FDA 510(k) clearance and CE Marking. In November 2016, InterValve assigned V8 and TAV8 related patents and transferred related regulatory approvals to us. We are in the process of clinical trials of TAV8 and expect to apply for an import product license with the NMPA for TAV8 after the clinical trials are completed.

For the six months ended June 30, 2020, our revenue generated from the sales of V8 and TAV8 amounted to RMB0.4 million, representing a decrease of 42.9% compared to RMB0.7 million for the six months ended June 30, 2019.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET V8 AND TAV8 SUCCESSFULLY IN THE EU AND CHINA.

CEP Device – TriGUARD3

TriGUARD3 is a CEP device designed to provide coverage of all three major aortic vessels (brachiocephalic artery, left carotid artery, and left subclavian artery) to minimize the risk of cerebral damage during TAVR and other structural heart procedures. It is the only CEP device designed to cover all three major aortic vessels globally according to Frost & Sullivan. TriGUARD3 received CE Marking for use in cardiac procedures on March 4, 2020 and we plan to submit for the FDA registration in the third quarter of 2020.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET TRIGUARD3 SUCCESSFULLY.

Aortic Valve Repair – Leaflex

Leaflex is a stand-alone catheter-based treatment of aortic stenosis. It modifies leaflet calcium to restore mobility to the affected valve, thereby improving flow and reducing transvalvular gradient. The procedure is simple to perform, non-implant based and requires only a short hospital stay. We will be importing the Leaflex product to the Chinese market and plan to conduct FIM in the fourth quarter of 2020.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET LEAFLEX SUCCESSFULLY.

Our Platform

As we build our pipeline, we have established a transcatheter heart valve platform with robust R&D, manufacturing and commercialization capabilities.

R&D

Our R&D team, based in China, Israel and the U.S., is led by our COO, Mr. Lim Hou-Sen (Lin Haosheng), former CTO of Transcatheter Technologies GmbH and a veteran with more than 15 years' experience in the industry. The R&D team of Keystone is led by Mr. Amit Ashkenazi, who has extensive experience in the R&D of medical devices. We remain at the forefront of heart valve technology by maintaining close contact with leading cardiologists globally, and develop products that specifically address the clinical needs of transcatheter heart valve replacement procedures. Our powerful R&D capabilities are reflected by our strong intellectual property portfolio.

The time required from developing to commercializing a new product varies by product candidate and can be affected by various factors which may be beyond our control, such as clinical trial results and government policies and approvals.

Manufacturing

We have an approximately 3,500 sq.m. facility in Hangzhou, China and an approximately 816 sq.m. facilities in Israel for manufacturing our heart valve products and product candidates. Our manufacturing facilities comply with the GMP requirements in the U.S., the EU and China and follow rigorous manufacturing and quality control standards to ensure high product quality and safety. We conduct all the key valve manufacturing procedures in-house. Over the years, we have accumulated extensive expertise and know-how in manufacturing heart valve products, which sets a solid foundation for our long-term growth.

Commercialization

We have a dedicated in-house sales team with a focus on academic marketing driven by our extensive expertise and clinical resources. As the pioneer in launching the first TAVR product in China, our products have contributed to the underlying clinical experience of leading experts in China in setting up the guidelines for physicians conducting TAVR and TPVR procedures. We have also established a systematic TAVR training program in China to promote our TAVR products as well as TAVR awareness and drive the penetration rate of TAV market in China.

II. FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this announcement.

Revenue

During the Reporting Period, all of our revenue was generated from sales of medical devices. Sales of VenusA-Valve have comprised the major portion of our revenue since its commercialization in August 2017 and are expected to account for a substantial portion of our sales in the near future.

The Group's revenue for the six months ended June 30, 2020 was RMB102.0 million, representing a decrease of 5% compared to RMB107.4 million for the six months ended June 30, 2019. The decrease was primarily attributable to (i) a decrease in the average selling price of our medical devices, and (ii) an increase in the number of surgeries performed with our medical devices which was lower than the extent that we expected due to the impact of COVID-19. However, it is noted that such number of surgeries performed with our medical devices still recorded an increase compared to the six months ended June 30, 2019. For the six months ended June 30, 2020, revenue from sales of VenusA-Valve accounted for 99.6% of our total revenue, as compared to 99.4% for the six months ended June 30, 2019.

The following table sets forth a breakdown of our revenue by product:

	Six months ended June 30, 2020 (Unaudited)		Six months ended June 30, 2019 (Unaudited)	
Revenue	***RMB'000***	***Proportion***	*RMB'000*	*Proportion*
VenusA-Valve	**101,617**	**99.6%**	106,757	99.4%
TAV8	**432**	**0.4%**	666	0.6%
Total	**102,049**	**100%**	107,423	100%

Cost of Sales

The cost of sales for VenusA-Valve primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others. The cost of sales for V8 and TAV8 mainly consists of raw material costs and amortization, since we outsourced the production during the Reporting Period.

The Group's cost of sales for the six months ended June 30, 2020 was RMB17.0 million, representing a decrease of 10.5% compared to RMB19.0 million for the six months ended June 30, 2019. The decrease was primarily attributable to scale effect of production.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group decreased by 3.7% from RMB88.4 million for the six months ended June 30, 2019 to RMB85.1 million for the six months ended June 30, 2020. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group increased from 82.3% for the six months ended June 30, 2019 to 83.4% for the six months ended June 30, 2020, mainly due to a decrease in unit cost.

Other Income and Gains

The Group's other income and gains for the six months ended June 30, 2020 was RMB50.1 million, representing an increase of 1,689.3% compared to RMB2.8 million for the six months ended June 30, 2019, mainly due to foreign exchange gain and interest income from IPO proceeds.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended June 30, 2020 was RMB47.2 million, representing a decrease of 6.9% compared to RMB50.7 million for the six months ended June 30, 2019. The decrease was primarily attributable to the fact that less conferences were held in the first half of 2020 due to the impact of COVID-19.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2020 was RMB67.6 million, representing a decrease of 35.4% compared to RMB104.7 million for the six months ended June 30, 2019. The decrease was primarily attributable to no employee stock ownership plan ("**ESOP**") expense in 2020.

The following table sets forth a breakdown of R&D costs:

	Six months ended June 30, 2020 (Unaudited) *RMB'000*	Six months ended June 30, 2019 (Unaudited) *RMB'000*
R&D Costs for Core Products		
Staff cost	**3,782**	9,818
Raw material cost	**2,210**	1,112
Third-party contracting cost	**39**	1,854
Intellectual property expenses	**897**	1,091
Clinical trial expenses	**1,824**	5,448
Others	**5,149**	4,360
R&D Costs for Other Product Candidates		
Staff cost	**14,437**	44,497
Raw material cost	**4,621**	4,959
Third-party contracting cost	**1,046**	1,000
Intellectual property expenses	**3,828**	3,223
Clinical trial expenses	**17,438**	14,111
Others	**12,336**	13,191

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2020 was RMB39.2 million, representing a decrease of 62.0% compared to RMB103.1 million for the six months ended June 30, 2019. The decrease was primarily attributable to no ESOP as well as listing expense in 2020.

Other Expenses

The Group's other expenses for the six months ended June 30, 2020 was RMB20.4 million, representing an increase of 175.7% compared to RMB7.4 million for the six months ended June 30, 2019. The increase was primarily attributable to more donation in 2020 compared with 2019.

Finance Costs

The Group's finance costs for the six months ended June 30, 2020 was RMB3.1 million, representing a decrease of 69.3% compared to RMB10.1 million for the six months ended June 30, 2019. The decrease was primarily attributable to the repayment of bank loan.

Impairment Losses on Financial Assets, Net

The Group's impairment losses on financial assets, net, for the six months ended June 30, 2020 was RMB0.9 million, representing a decrease of 18.2% compared to RMB1.1 million for the six months ended June 30, 2019. The decrease was primarily attributable to less balance of account receivables and less impairment losses accordingly.

Share of Loss of an Associate

The Group began to report share of loss of an associate from the first half of 2020 onwards because we purchased 7.7% equity interest in Opus Medical Therapies, LLC., a medical device company focused on developing TMVR and TTVR for patients undergoing mitral and tricuspid valve disease, in April 2020. The Group's share of loss of that associate for the six months ended June 30, 2020 was RMB0.3 million (six months ended June 30, 2019: nil).

Income Tax

The Group's income tax expense for the six months ended June 30, 2020 was RMB0.01 million, remained almost unchanged comparing with the income tax expense of RMB0.01 million for the six months ended June 30, 2019.

Non-IFRS Measures

To supplement our unaudited condensed consolidated statement of profit or loss and other comprehensive income which is presented in accordance with the IFRS, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impact of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including share awards and listing expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

The following table shows our adjusted net loss and its reconciliation to loss for the periods indicated:

	Six months ended June 30, 2020 (Unaudited) *RMB'000*	Six months ended June 30, 2019 (Unaudited) *RMB'000*
Loss for the period	**(43,538)**	(185,782)
Add:		
Share awards [(1)]	**–**	69,475
Listing expenses [(2)]	**–**	15,761
Adjusted net loss for the period [(3)]	**(43,538)**	(100,546)

Notes:

(1) Share awards expenses are non-operational expenses arising from granting shares to selected executives, employees and R&D consultants, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities.

(2) Listing expenses are one-off expenses in relation to the listing of the H Shares on the main board of the Stock Exchange and the offering of the H Shares in Hong Kong and the U.S..

(3) We consider share awards and listing expenses as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the share awards and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at June 30, 2020 were RMB1,969.5 million, representing a decrease of 18.4% compared to RMB2,413.3 million (audited) as at December 31, 2019. The decrease was primarily attributable to operating expenditures and investment incurred.

We rely on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products, including VenusA-Valve, V8 and TAV8. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

Borrowings and Gearing Ratio

The Group's total borrowings, including interest-bearing bank borrowings and other borrowings, as at June 30, 2020 were RMB1.0 million, representing a decrease of 99.2% compared to RMB120.0 million (audited) as at December 31, 2019. The decrease was primarily attributable to that we repaid most of them in the first half of 2020.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2020 was 0.9%, representing a decrease of 81.3% compared to 4.8% as at December 31, 2019.

Net Current Assets

The Group's net current assets, as at June 30, 2020 were RMB2,142.8 million, representing a decrease of 8.3% compared to net current assets of RMB2,336.0 million (audited) as at December 31, 2019.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, other receivables, other financial assets, other payables and other financial liabilities are dominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Pledge of Shares

On January 30, 2019, Mr. Zhenjun Zi, one of our controlling shareholders at the time of our Prospectus, provided the Share Pledge of 9,000,000 Shares to Hangzhou Gaoxin Technology Innovation Services Ltd. (杭州高新科技創業服務有限公司), an Independent Third Party, as a counter guarantee for the loan of RMB100 million (i.e. the principal amount) to our Company, at an interest rate of the loan prime rate issued by the National Interbank Funding Centre plus 0.04% per annum, for a term of twelve months, effective from January 30, 2019 to January 29, 2020. For details, please refer to the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

On February 21, 2020, the Share Pledge was released.

Save as disclosed above, we do not have any pledging of shares by our controlling shareholders.

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2020, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the six months ended June 30, 2020, the Group's total capital expenditure amounted to approximately RMB140.2 million, which was used in (i) purchase of property, plant and equipment; (ii) payments related to acquisition of a subsidiary; (iii) purchase of other intangible assets; (iv) purchases of financial assets at fair value through profit or loss; (v) investment to an associate; (vi) prepayment for long-term assets; and (vii) lease payments made before the commencement date of lease.

Charge on Assets

As at June 30, 2020, there was no charge on assets of the Group.

Contingent Liabilities

As at June 30, 2020, we did not have any contingent liabilities.

Subsequent Events

The Company is not aware of any material subsequent events from June 30, 2020 to the date of this announcement.

Employees and Remuneration Policies

As of June 30, 2020, we had 462 employees in total.

Among the 462 employees, 409 of our employees are stationed in China, and 53 of our employees are stationed overseas primarily in the U.S. and Israel. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three to five years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

III. PROSPECTS

We will continue our mission to become a global leader in the development and commercialization of transcatheter solutions for structural heart diseases. We plan to execute the following strategies to achieve our mission.

Continue to grow sales of VenusA-Valve

Sales of TAVR products in China possess substantial growth potential. We intend to solidify our leadership position in China's TAV market by increasing VenusA-Valve's sales volume. Towards that goal, we plan to substantially increase sales to hospitals with which we have existing relationships as well as expand our sales network to cover more hospitals and further promote TAVR awareness among hospitals, physicians and patients in China.

We believe there are still substantial unmet demands for TAVR products from the hospitals to which we currently sell VenusA-Valve. We also believe there is significant potential to develop new hospitals to perform TAVR procedures. We plan to increase sales efforts to deepen the penetration in hospitals to which we currently sell VenusA-Valve and expand into new hospitals in China by leveraging our direct access to KOLs in cardiac interventional therapy, providing systematic training to physicians, and increasing TAVR awareness among hospitals, physicians and patients. We plan to continue to implement and improve our systematic TAVR training program to expedite the physician education process and to promote our TAVR products.

We also plan to further promote TAVR awareness among patients with structural heart diseases in China, in particular to low surgical risk patients, in order to broaden the patient base of our TAVR products. We cooperate with foundations, such as Bethune Charitable Foundation, to subsidize patients' medical expenses and conduct regular follow-up visits post procedures. We will continue to participate in heart valve conferences and academic events to further promote awareness of our products and TAVR generally. We believe that these marketing activities will strengthen our brand name and enable us to accumulate first-hand know-how for structural heart diseases and keep abreast of the market developments in transcatheter heart valve solutions.

Leverage our experience with VenusA-Valve to commercialize VenusP-Valve and other product candidates in China

We plan to leverage our experience in successfully commercializing VenusA-Valve in China to launch VenusP-Valve and our other product candidates in the Chinese market in the future. We have completed the clinical trial for VenusP-Valve in China in January 2018. We believe our experiences with respect to the regulatory approval will significantly facilitate the approval process of VenusP-Valve. In April 2019, VenusP-Valve was approved by the NMPA to be eligible for the Special Approval Procedures of Innovative Medical Devices. We will benefit from our established network with and direct access to KOLs, hospitals and physicians to introduce our new valve products. We believe that our existing brand and reputation for VenusA-Valve will facilitate our commercialization of VenusP-Valve upon approval. We also plan to replicate our existing training model for TAVR procedures to VenusP-Valve and our other product candidates to educate hospitals and physicians and promote our new products.

Expand our presence in North America, the EU and emerging markets to become a global leader

We plan to broaden our sales and expand our presence globally, especially in North America and the EU, as we believe we will benefit from higher medical expense levels in these developed regions. Medical expense levels in China remain low compared to the U.S. and the EU.

We are in the process of various clinical trials and registration applications in the U.S., the EU and emerging markets. We plan to leverage on the existing brand names of TAV8 and TriGUARD3 to enter the U.S. and the EU markets and subsequently establish our own brand name. With our acquisition of Keystone in December 2018, we plan to have Keystone as our platform for the U.S. and the EU markets which could help us with the clinical trials, registration and promotion of our products in these markets. Keystone has completed the clinical trial procedures and follow-up with the enrolled patients for TriGUARD3 and expects to file for FDA registration in the third quarter of 2020. We believe we can leverage the global experience in product development and clinical trial of Keystone to advance the clinical trials of our other product candidates in the U.S. and the EU in order to obtain approvals and launch our products worldwide. With regard to our valvuloplasty balloon product, TAV8, we plan to relaunch it with a new marketing strategy and sell it as a package with VenusA-Valve and TriGUARD3. We also plan to promote VenusP-Valve in the EU and North America. We are conducting clinical trial of VenusP-Valve for registration in the EU and filed registration application in April 2019. With respect to emerging markets, we registered VenusA-Valve in Colombia in April 2018 and plan to commercialize VenusA-Valve in this market. We also submitted the product registration of VenusA-Valve in Brazil in August 2019 and received the approval in April 2020. We are also applying for the product registration of VenusA-Valve in Taiwan.

To execute our global expansion strategy, we will continue to participate in international heart valve conferences and academic events to further promote our products and brand.

Continue to advance and strengthen our pipeline products within the structural heart disease space

We plan to advance our existing pipeline products to further expand our coverage within the structural heart disease space, both horizontally covering all four heart valves and vertically from valves, CEP, valvuloplasty balloons to other ancillary devices. We will invest in technological innovation to strengthen our R&D capabilities to develop new products and enhance our competitiveness as we believe innovation is a key factor to achieve our mission to become a global leader of transcatheter solutions for structural heart diseases.

We may selectively form partnerships with complementary product providers to enhance our clinical strengths and market advantages and make acquisitions that have the potential to broaden our product portfolio. We believe our established network with and direct access to KOLs, hospitals and physicians gives us the best knowledge of strategic opportunities which could complement or improve our existing product offerings. As of the date of this announcement, we had not identified any specific acquisition targets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2020 to the Shareholders.

Use of Proceeds

The net proceeds received by the Company from its initial global offering (including the full exercise of the over-allotment option) amounted to HK$2,846 million (equivalent to RMB2,558 million) (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the initial global offering and the over-allotment option).

For the six months ended June 30, 2020, the Company has used RMB542.58 million for (i) our core products; (ii) our other products and product candidates; (iii) our continued expansion of product portfolio through internal research and/or potential acquisition; and (iv) working capital and other general corporate purposes. The Company intends to use the unutilized net proceeds as of June 30, 2020 in the same manner and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". For details of the breakdown of the use of proceeds, please refer to the 2020 interim report of the Company to be published in due course.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2020.

Model Code for Securities Transactions By Directors and Supervisors

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Supervisors, and they have confirmed that they have complied with our Company's code of conduct regarding Directors' and Supervisors' securities transactions during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the code of conduct regarding Directors' and Supervisors' securities transactions of the Company. No incident of non-compliance of code of conduct regarding Directors' and Supervisors' securities transactions by the employees was noted by the Company during the six months ended June 30, 2020.

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the six months ended June 30, 2020, the Company has strictly complied with the mandatory code provisions in the Corporate Governance Code.

Audit Committee

The Audit Committee has three members comprising all independent non-executive Directors, being Mr. Chi Wai Suen (chairman), Mr. Wan Yee Joseph Lau and Mr. Ting Yuk Anthony Wu, with terms of reference in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2020. The Audit Committee considers that the interim financial results for the six months ended June 30, 2020 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.venusmedtech.com).

The interim report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"CE Marking"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CEP"	cerebral embolic protection, the function of the devices designed to capture or deflect emboli traveling to the brain during TAVR procedures in order to protect the supra-aortic vessels from embolic debris
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a limited liability company incorporated in the PRC on July 3, 2009 and converted into a joint stock limited liability company incorporated in the PRC on November 29, 2018, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 2500)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"COVID-19"	an infectious disease caused by a newly discovered coronavirus, the outbreak of which began in December 2019
"DCS"	delivery catheter system, a catheter system of our products with a pushing handle, outer sheath and a tip to freely pass through guide catheter to deliver the valve to the designated position
"Directors"	the director(s) of the Company
"Edwards Lifesciences"	Edwards Lifesciences Corporation, a U.S. medical equipment company specializing in artificial heart valves and hemodynamic monitoring
"EU"	the European Union
"FDA"	U.S. Food and Drug Administration

"FDA 510(k)"	section 510(k) of the Food, Drug and Cosmetic Act, which requires device manufacturers who must register, to notify the FDA of their intent to market a medical device at least 90 days in advance
"FIM"	First-In-Man
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"InterValve"	InterValve Medical Inc., a company incorporated in Delaware, the United States on November 18, 2016 and is indirectly wholly-owned by our Company as of the date of announcement
"Keystone"	Keystone Heart Ltd. and its subsidiaries
"KOLs"	acronym for Key Opinion Leaders who are doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"Listing Rules"	the Rules governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Prospectus"	the prospectus published by the Company on November 28, 2019 in relation to its Hong Kong public offering
"R&D"	research and development

"Reporting Period"	the six months period from January 1, 2020 to June 30, 2020
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"RVOT"	right ventricular outflow tract, an infundibular extension of the ventricular cavity which connects to the pulmonary artery
"RVOTD"	the dysfunction of RVOT
"Share Pledge"	meaning the pledge of 9,000,000 shares provided by Mr. Zhenjun Zi, one of the Company's controlling shareholders at the time of the Company's Prospectus to Hangzhou Gaoxin Technology Innovation Services Ltd. (杭州高新科技創業服務有限公司), on January 30, 2019
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SPVR"	surgical pulmonary valve replacement, a treatment of RVOTD through open-chest surgery
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"TAP treatment"	Transannular patching, a type of treatment for ToF that involves closing the ventricular septal defect and placing atransannular patch (a patch across the pulmonary valve connective tissue to enlarge the pulmonary annulus), which helps blood flow from the pulmonary valve
"TAV8"	TAV8 Balloon Aortic Valvuloplasty Catheter, one of our balloon transluminal aortic valvuloplasty catheter system products
"TAVR"	transcatheter aortic heart valve replacement, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve openchest surgery to correct severe aortic stenosis
"TMVR"	transcatheter mitral valve replacement, catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
"ToF"	tetralogy of fallot, a congenital abnormality of the heart characterized by pulmonary stenosis, an opening in the interventricular septum, malposition of the aorta over both ventricles, and hypertrophy of the right ventricle

"TPVR"	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
"TriGUARD3"	TriGUARD3 Cerebral Embolic Protection Device, our CEP product candidate
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in a minimally invasive procedure that does not involve open-chest surgery
"U.S."	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"V8"	V8, one of our balloon transluminal aortic valvuloplasty catheter system products
"Venus PowerX"	Venus PowerX Valve, one of our TAVR product candidates
"Venus Vitae"	Venus Vitae Valve, one of our TAVR product candidates
"VenusA-Plus"	VenusA-Plus System, one of our TAVR product candidates
"VenusA-Valve"	VenusA-Valve System, our TAVR product
"VenusP-Valve"	VenusP-Valve System, our TPVR product candidate

By Order of the Board
Venus Medtech (Hangzhou) Inc.
Min Frank Zeng
Chairman of the Board

Hangzhou, August 28, 2020

As at the date of this announcement, the executive Directors are Mr. Min Frank Zeng, Mr. Zhenjun Zi and Mr. Lim Hou-Sen (Lin Haosheng); the non-executive Director is Ms. Nisa Bernice Wing-Yu Leung; and the independent non-executive Directors are Mr. Ting Yuk Anthony Wu, Mr. Wan Yee Joseph Lau and Mr. Chi Wai Suen.