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 ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

The board (the "**Board**") of directors (the "**Director(s)**") of Venus Medtech (Hangzhou) Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended December 31, 2021 (the "**Reporting Period**"), together with audited comparative figures for the same period of 2020.

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2021 ***RMB'000***	Year ended December 31, 2020 *RMB'000*	Year-on-year change
Revenue	**415,862**	276,047	50.6%
Gross Profit	**324,344**	227,280	42.7%
Loss before tax	**(377,555)**	(185,843)	103.2%
Loss for the year	**(371,394)**	(182,868)	103.1%
Loss attributable to owners of the parent	**(373,636)**	(181,989)	105.3%
Loss per Share attributable to ordinary equity holders of the parent			
Basic and diluted	**RMB(0.85)**	RMB(0.45)	88.9%

ANNUAL RESULTS

The Board is pleased to announce the audited condensed consolidated annual results of the Group for the year ended December 31, 2021 as follows:

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended December 31, 2021** ***RMB'000***	Year ended December 31, 2020 *RMB'000*
REVENUE	*4*	**415,862**	276,047
Cost of sales		**(91,518)**	(48,767)
Gross profit		**324,344**	227,280
Other income and gains	*4*	**307,147**	118,160
Selling and distribution expenses		**(216,067)**	(134,572)
Research and development costs		**(258,336)**	(167,251)
Administrative expenses		**(128,585)**	(104,064)
Other expenses		**(389,257)**	(121,844)
Impairment losses on financial assets, net		**(3,185)**	50
Finance costs	*6*	**(1,905)**	(4,172)
Share of (losses)/profits of associates		**(11,711)**	570
LOSS BEFORE TAX	*5*	**(377,555)**	(185,843)
Income tax credit	*7*	**6,161**	2,975
LOSS FOR THE YEAR		**(371,394)**	(182,868)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(17,671)**	(52,524)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**3,158**	(30,346)
Income tax effect		**(568)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**2,590**	(30,346)

	Note	**Year ended December 31, 2021** ***RMB'000***	Year ended December 31, 2020 *RMB'000*
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(15,081)**	(82,870)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(386,475)**	(265,738)
Loss attributable to:			
Owners of the parent		**(373,636)**	(181,989)
Non-controlling interests		**2,242**	(879)
		(371,394)	(182,868)
Total comprehensive loss attributable to:			
Owners of the parent		**(388,578)**	(264,859)
Non-controlling interests		**2,103**	(879)
		(386,475)	(265,738)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*9*	**RMB(0.85)**	RMB(0.45)

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2021 *RMB'000*	As at December 31, 2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**142,237**	69,295
Right-of-use assets		**108,510**	30,710
Goodwill		**519,744**	487,317
Other intangible assets		**304,744**	233,004
Investments in associates		**76,184**	37,995
Deferred tax assets		**8,170**	1,156
Equity investments designated at fair value through other comprehensive income		**16,194**	6,525
Financial assets at fair value through profit or loss		**477,155**	64,473
Prepayments, other receivables and other assets		**16,930**	27,319
Total non-current assets		**1,669,835**	957,794
CURRENT ASSETS			
Inventories		**90,519**	59,904
Trade receivables	*10*	**302,096**	231,031
Prepayments, other receivables and other assets		**89,232**	34,984
Due from related parties		**–**	22,500
Financial assets at fair value through profit or loss		**–**	44,128
Pledged deposits		**2,563**	259,716
Cash and cash equivalents		**2,955,212**	2,708,170
Total current assets		**3,439,622**	3,360,433
CURRENT LIABILITIES			
Trade payables	*11*	**8,751**	5,295
Lease liabilities		**17,727**	11,092
Other payables and accruals		**144,732**	358,487
Interest-bearing bank borrowings		**4,900**	–
Government grants		**14,993**	14,046
Contract liabilities		**2,845**	2,442
Refund liabilities		**14,106**	14,155
Tax payable		**480**	–
Total current liabilities		**208,534**	405,517
NET CURRENT ASSETS		**3,231,088**	2,954,916
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,900,923**	3,912,710

	Note	**As at December 31, 2021** ***RMB'000***	As at December 31, 2020 *RMB'000*
NON-CURRENT LIABILITIES			
Other payables and accruals		**167,480**	–
Lease liabilities		**48,148**	21,671
Deferred tax liabilities		**53,451**	32,942
Government grants		**–**	1,062
Total non-current liabilities		**269,079**	55,675
Net assets		**4,631,844**	3,857,035
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**441,012**	422,969
Reserves		**4,104,618**	3,392,455
		4,545,630	3,815,424
Non-controlling interests		**86,214**	41,611
Total equity		**4,631,844**	3,857,035

NOTES

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 (the "**PRC**"). The registered office of the Company is located at Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, the PRC.

During the year, the Group was principally engaged in the 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 10 December 2019.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**405,346**	272,010
Others	**10,516**	4,037
	415,862	276,047

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**477,893**	170,734
USA	**31,692**	59,086
Israel	**134,740**	166,157
	644,325	395,977

The non-current asset information above is based on the locations of the assets and excludes goodwill, deferred tax assets and financial instruments.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2021	2020
	RMB'000	*RMB'000*
Customer A	**N/A***	30,705
Customer B	**N/A***	30,269

* Less than 10% of the Group's revenue

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**415,862**	276,047

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**405,346**	272,010
Others	**10,516**	4,037
Total revenue from contracts with customers	**415,862**	276,047
Timing of revenue recognition		
Goods transferred at a point in time	**415,862**	276,047

(b) Performance obligations

There was no revenue recognised during the year that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**2,845**	2,442

The amounts of transaction prices allocated to the performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(c) Refund liabilities

	2021	2020
	RMB'000	*RMB'000*
Refund liabilities arising from sales rebates	**14,106**	14,155

	2021	2020
	RMB'000	*RMB'000*
Other income		
Bank interest income	**33,380**	34,667
Other interest income	**16,100**	–
Government grants *(note (a))*	**6,687**	29,749
Others	**1,918**	233
	58,085	64,649
Gains		
Fair value adjustments of contingent considerations	**239,048**	–
Fair value gains, net:		
Financial assets at fair value through profit or loss – mandatorily classified as such	**–**	1,310
Fair value gain on a derivative financial instrument	**10,014**	44,128
Waiver from a non-controlling shareholder upon liquidation of a subsidiary	**–**	8,073
	249,062	53,511
	307,147	118,160

Note:

(a) The government grants mainly represent incentives received from the local governments for the purpose of compensation for expenditure arising from research activities and clinical trial activities and awards for new valve product development and expenditure incurred on certain projects.

5. LOSS BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold*	**87,351**	46,236
Research and development costs**	**258,336**	167,251
Depreciation of property, plant and equipment	**14,844**	10,633
Depreciation of right-of-use assets	**14,325**	10,285
Amortisation of other intangible assets***	**22,452**	16,794
Impairment of trade receivables, net	**3,067**	(76)
Impairment of other receivables	**(19)**	26
(Reversal of write-down)/write-down of inventories to net realisable value	**(1,434)**	2,512
Impairment of other intangible assets	**46,189**	–
Impairment of goodwill	**189,957**	–
Auditor's remuneration	**5,124**	3,871
Government grants	**(6,687)**	(29,749)
Bank interest income	**(33,380)**	(34,667)
Other interest income	**(16,100)**	–
Loss on disposal of items of property, plant and equipment, net	**18**	560
Lease payments not included in the measurement of lease liabilities	**1,932**	942
Waiver from a non-controlling shareholder upon liquidation of a subsidiary	**–**	(8,073)
Fair value gain on a derivative financial instrument	**(10,014)**	(44,128)
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss		
– mandatorily classified as such	**656**	(1,310)
Fair value adjustments of contingent considerations	**(239,048)**	–
Foreign exchange differences, net	**31,716**	60,145
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration):		
Wages and salaries	**198,379**	133,342
Pension scheme contributions****	**7,226**	1,165
Staff welfare expenses	**38,764**	15,290
	244,370	149,797

* The cost of inventories sold includes RMB44,676,000.0 (2020: RMB23,734,000.0) relating to employee benefit expenses, depreciation and amortisation, which is also included in the respective total amounts disclosed above for each type of expenses.

** The research and development costs include RMB97,909,000.0 (2020: RMB62,679,000.0) relating to employee benefit expenses, depreciation and amortisation, which are also included in the respective total amounts disclosed above for each type of expenses. It also included share award expense for a specialist of nil (2020: RMB9,000,000.0) during the year.

*** The amortisation of other intangible assets is included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on bank loans	**70**	505
Interest on lease liabilities	**1,835**	1,654
Finance charge for a guarantee	**–**	2,013
	1,905	4,172

7. INCOME TAX

PRC

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

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (2020: 21%) on the taxable income arising in the USA during the year.

Israel

Pursuant to the relevant tax laws of Israel, the corporate income tax was levied at 23% (2020: 23%) on the taxable income arising in Israel during the year.

United Kingdom ("UK")

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

Netherlands ("NL")

Pursuant to the relevant tax laws of the NL, the corporate income tax was levied at the rate of up to 25% (2020: up to 25%) on the taxable income arising in the NL during the year.

The income tax expense/(credit) of the Group during the year is analysed as follows:

	2021	2020
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**1,601**	–
Current – USA		
Charge/(credit) for the year	**17**	(461)
Overprovision in prior years	**(773)**	–
Current – Israel		
Charge for the year	**361**	235
Current – UK		
Charge for the year	**6**	110
Current – NL		
Charge for the year	**181**	55
Deferred tax	**(7,554)**	(2,914)
	(6,161)	(2,975)

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2020: Nil).

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 438,577,016.0 (2020: 409,265,072.0) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculation of basic loss per share is based on:

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(373,636)**	(181,989)

	Number of shares	
	2021	2020
Shares		
Weighted average number of shares in issue during the year	**438,577,016**	409,265,072

10. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**308,639**	234,698
Impairment	**(6,543)**	(3,667)
	302,096	231,031

The Group's trading terms with its customers are mainly on credit. The credit period is generally six months to one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**184,308**	180,606
7 to 12 months	**92,884**	39,658
1 to 2 years	**24,664**	10,301
Over 2 years	**240**	466
	302,096	231,031

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**3,667**	3,802
Impairment losses, net	**3,067**	(76)
Amount written off as uncollectible	**(191)**	(59)
At end of year	**6,543**	3,667

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The expected credit loss rate was reviewed, and adjusted if appropriate, as at the end of the reporting period. The provision matrix is initially based on the historical observed default rates from listed companies in the same sector. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Total**
As at 31 December 2021				
Expected credit loss rate	**1.30%**	**10.14%**	**32.96%**	**2.12%**
Gross carrying amount *(RMB'000)*	**280,834**	**27,447**	**358**	**308,639**
Expected credit losses *(RMB'000)*	**3,642**	**2,783**	**118**	**6,543**
As at 31 December 2020				
Expected credit loss rate	0.99%	9.34%	45.93%	1.56%
Gross carrying amount *(RMB'000)*	222,475	11,363	860	234,698
Expected credit losses *(RMB'000)*	2,211	1,061	395	3,667

11. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**7,812**	4,034
3 to 6 months	**685**	375
6 to 12 months	**172**	815
Over 12 months	**82**	71
	8,751	5,295

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. SHARE CAPITAL

Shares

	2021 *RMB'000*	2020 *RMB'000*
Issued and fully paid:		
441,011,443 (2020: 422,968,943) ordinary shares of RMB1.00 each	**441,012**	422,969

A summary of movements in the Company's share capital is as follows:

	Notes	Numbers of ordinary shares	Share capital *RMB'000*
At 1 January 2020		404,468,943	404,469
Issue of shares upon placement of shares	***(a)***	18,500,000	18,500
At 31 December 2020 and 1 January 2021		422,968,943	422,969
Issue of shares upon placement of shares	***(b)***	18,042,500	18,043
As at 31 December 2021		441,011,443	441,012

Notes:

(a) On 10 September 2020, the Company placed, through the placing agent, 18,500,000 shares at a price of HK$64.19 per placing share for a total cash consideration, before expenses, of approximately HK$1,187,515,000.0 (equivalent to RMB1,046,949,000.0). The share issue expense was approximately HK$14,341,000.0 (equivalent to RMB12,644,000.0).

(b) On 29 January 2021, the Company placed, through the placing agent, 18,042,500 shares at a price of HK$80.08 per placing share for a total cash consideration, before expenses, of approximately HK$1,444,843,000.0 (equivalent to RMB1,205,896,000.0). The share issue expense was approximately HK$17,449,000.0 (equivalent to RMB14,564,000.0).

(c) The Company purchased 3,114,000 of its shares on the Stock Exchange for a total cash consideration of HK$88,688,000.0 (equivalent to RMB72,548,000.0), none of which was cancelled as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

Overview

We are a global high-end innovative medical device manufacturer committed to developing and commercializing high-quality medical devices that benefit patients. Founded in 2009, the Company has established a global platform integrating R&D, clinical development, manufacturing and commercialization.

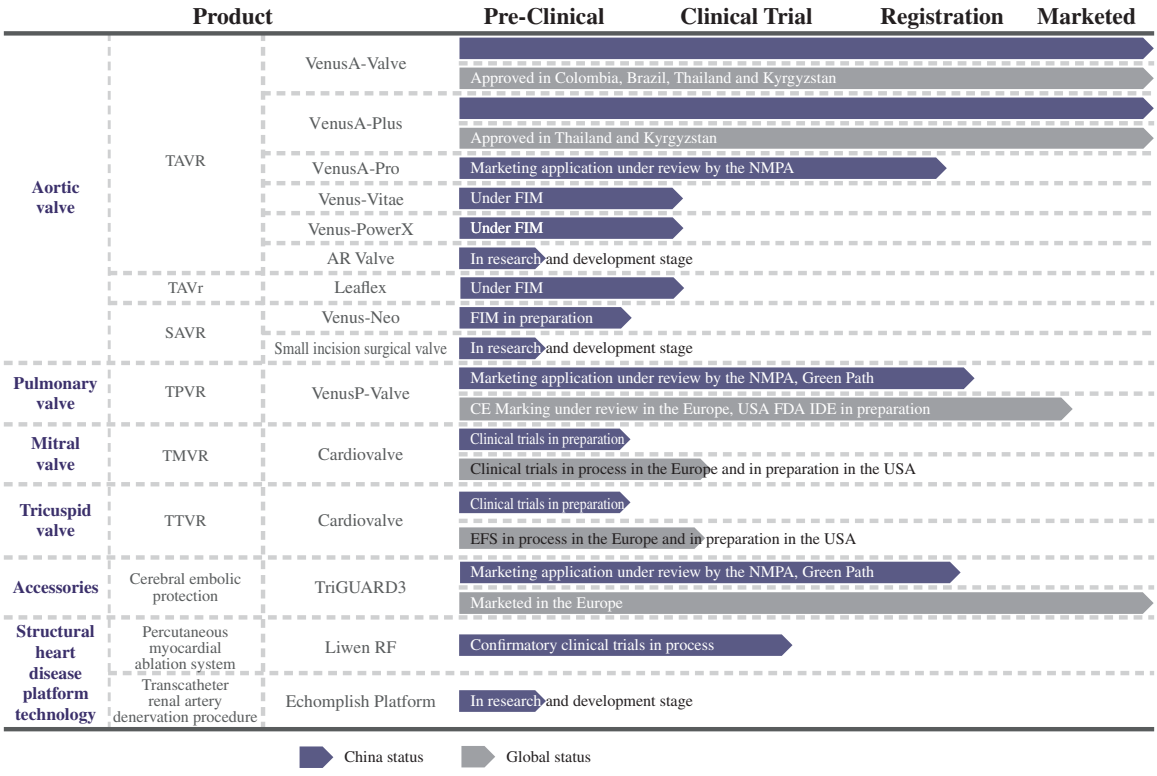
We have forged a product portfolio covering the interventional heart valve devices targeting valvular heart disease concerning aortic valve, pulmonic valve, mitral valve and tricuspid valve, ablation system for interventional treatment of HCM, renal artery denervation ablation system for interventional treatment of hypertension and other surgical accessory consumables, allowing us to provide overall solutions for the patients. In the future, we will focus on the fields of new materials, bionics, image fusion technology and digital sensing, and leverage constant innovations to better cover the entire therapeutic process of patients, so as to satisfy the needs of doctors and patients population.

Throughout 2021 and up to the date of this announcement, the Company has achieved remarkable business success with a commitment to its long-standing strategic goals, and continued to consolidate its leading position in the industry. Leveraging our first-mover advantage and strong market education capability, we have witnessed on-going rapid increase in sales volumes of VenusA-Valve and VenusA-Plus, maintained our leading market share and constantly expanded our commercialization team and product coverage to end hospitals. Meanwhile, our independently developed innovative products, such as dry tissue aortic valve products, progressed smoothly in clinical application. We also launched cooperation with international leading technology companies and carried out strategic acquisitions to improve our product coverage, which facilitated us to establish a comprehensive platform extending from research and development to commercialization.

Our Products and Product Pipeline

As of the date of this announcement, the Company has successfully established a product pipeline consisting of 14 innovative medical devices, including two marketed TAVR products (VenusA-Valve and VenusA-Plus), one TAVR product in registration stage (VenusA-Pro), two TAVR products in clinical stage (Venus-Vitae and Venus-PowerX), one aortic valve repair device in clinical stage (Leaflex), one TPVR product in registration stage (VenusP-Valve), one TMVR and TTVR product in clinical stage (Cardiovalve), two surgical valves in pre-clinical stage, one HCM ablation system in clinical stage (Liwen RF), one RDN system in R&D stage, one marketed valvuloplasty balloon products (V8 and TAV8) and one marketed cerebral embolic protection device (TriGUARD3).

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



VenusA-Valve and VenusA-Plus – TAVR Products

We currently have two TAVR products on the market, VenusA-Valve and VenusA-Plus. VenusA-Valve is our first-generation TAVR device, which is used to treat severe AS using a transcatheter approach. VenusA-Valve received marketing approval from the NMPA in April 2017, which marked the first NMPA approved TAVR product in China. Moreover, VenusA-Valve was successfully registered in Southeast Asia including Thailand, and Latin America including Colombia and Brazil. It was registered in Kyrgyzstan in Central Asia in June 2021.

VenusA-Plus is an upgraded product of VenusA-Valve. VenusA-Plus was approved by NMPA for marketing in November 2020, which is the first retrievable TAVR product in China. While maintaining the strong radial force of the first generation valve, VenusA-Plus introduces the functions of retrievability and repositioning, which may reduce the complexity of procedures and significantly shorten the learning cycle of surgeons. VenusA-Plus was approved in Thailand in December 2020 and in Kyrgyzstan in June 2021.

VenusA-Valve and VenusA-Plus, as the TAVR products with the largest market share in China, have accumulated abundant clinical follow-up data to verify its safety and effectiveness. They have been implanted into over 9,000 patients in clinical operations so far. The six-year follow-up results of VenusA-Valve clinical study released at CIT Conference in May 2021 showed that the all-cause mortality of patients with VenusA-Valve was 36.4%, and the cardiac mortality rate was only 11.4%.

At the 7th China Valve (Hangzhou) Conference in July 2021, the one-year clinical follow-up data of VenusA-Plus was released, which showed that compared with the previous 30-day clinical data, there was only one more all-cause death case, and no cardiac death case, demonstrating its good prognosis safety. Follow-up results also showed that patients with either tricuspid valve or mitral valve diseases did not experience aortic regurgitation or experienced trace regurgitation one year after the surgery, which accentuated the long-term effect.

The Company has entered into a strategic cooperation framework agreement with United Family Healthcare, a China's leading premium private healthcare service provider under New Frontier Health Corporation, and both parties will cooperate to establish a diagnosis and treatment cooperation pilot for Venus A-Valve and Venus A-Plus, and both parties will also work jointly on the establishment of the full-process valvular heart disease specialist center in the field of disease diagnosis and treatment and postoperative rehabilitation management, so as to better provide patients with better diagnosis and treatment scheme.

For the year ended December 31, 2021, sales revenue from VenusA-Valve and VenusA-Plus was RMB405.3 million, representing an increase of 49% from RMB272.0 million for the year ended December 31, 2020.

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

VenusP-Valve – TPVR Product

VenusP-Valve is a TPVR system, which is used to treat patients with RVOTD after undergoing TAP treatment. We have completed the clinical trials of VenusP-Valve in the EU and China. 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, completed peer review and currently expect to receive the CE Marking in 2022. Besides, we have submitted marketing application in China, and it is under review at present. Once approved for marketing, VenusP-Valve is expected to be the first self-expanding TPVR product in the EU, and the first large-sized TPVR product for patients with RVOTD after receiving TAP treatment globally. On March 22, 2021, VenusP-Valve has obtained the special use from the Medicines & Healthcare Products Regulatory Agency in the United Kingdom and can be used in designated medical institutions, which means that VenusP-Valve has entered the UK market before obtaining the CE Marking.

Compared with marketed TPVR products in the overseas markets, VenusP-Valve has a wider range of specifications, which is not only suitable for patients implanted with artificial vascular channel, but also for patients with RVOTD undergoing transannular patching without the use of stents and expansion balloons. It can meet the needs of more than 85% of patients.

At the PICS-AICS 2021 held in September 2021, two long-term clinical studies on VenusP-Valve, the transcatheter prosthetic pulmonic valve system, were published, which verified that VenusP-Valve promises long-term efficacy and safety with certain indicators outperforming international peers. The 2-year clinical study in Europe showed that the success rate reaches 100% without reoperation or death in 2 years-time, moderate pulmonic regurgitation decreases from 16.88% before surgery to 0%, and severe pulmonic regurgitation declines significantly from 83.12% before surgery to 1.54%. The 5-year clinical study in China shows that the 5-year mortality rate of postoperative patients is only 3.64% with pulmonic regurgitation substantially improved, severe pulmonic regurgitation dropping from 54.5% to 0% and moderate to severe pulmonic regurgitation dropping from 36.4% to 2.22%.

VenusP-Valve has been used in clinic application for 9 years since 2013. In addition, there are nearly 300 cases of clinical use for humanitarian reasons in over 50 medical centers across more than 20 countries or regions, covering Asia, Europe, North America and South America.

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

Venus-PowerX – New Generation TAVR Product

The Venus-PowerX product, a new generation TAVR system independently developed by the Company, is the world's first fully-released and retrievable self-expanding dry tissue valve product. It has completed the first application of First-in-Man clinical trials (FIM) in West China Hospital of Sichuan University on December 21, 2021, with Professor Chen Mao from the Department of Cardiology acting as the PI.

Venus-PowerX, a new generation self-expanding dry tissue valve TAVR product of the Company, targets the treatment of patients with AS. Compared with the first and second generation self-expanding valves, i.e. VenusA-Valve and VenusA-Plus, it has a shorter valve frame, and therefore enjoys advantages in clinical application. In addition, Venus-PowerX adopts the special dry tissue valve independently developed by the Company, whose advanced anti-calcification technology allows normal temperature preservation without damage to the mechanical properties of valve leaflets resulting from dehydration, thus promising long durability. In addition, the dry-tissue valve contains no aldehyde residue and can be pre-assembled, which not only improves the safety, but also facilitates clinical application, storage and transportation.

Venus-PowerX also adopts the wire-controlled design, which permits it to be retrieved after complete release, and therefore excels in terms of safety compared with products designed with traditional approaches for release and retrieval.

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

Venus-Vitae – New Generation TAVR Product

The Venus-Vitae product, a new generation of TAVR system independently developed by the Company, is a new generation balloon-expandable dry tissue TAVR device for the treatment of severe AS. We successfully completed the first two implantations in the FIM clinical trial in Argentina on December 16, 2021.

Compared with similar products, Venus-Vitae leverages advanced anti-calcification technology to improve valve durability. Its specially designed dry tissue, without aldehyde residue, allow pre-assembly, which not only improves safety, but also facilitates clinical application, storage and transportation. In addition, its unique patented valve lock wire design ensures that the valve does not shift on the balloon catheter. The product, which is designed with supra-annular prosthesis, complemented by short frame and smaller diameter delivery system, has better cross-aortic arch capability.

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

Cardiovalve – TMVR/TTVR Product

We entered into an agreement with Cardiovalve, a company engaged in innovative transcatheter interventional replacement products for patients suffering from mitral or tricuspid regurgitation on December 7, 2021 to acquire the 100% share capital and corresponding interests of Cardiovalve at a consideration of US$266 million, which shall be settled in installments conditionally subject to completion of the agreed milestones. The acquisition has been completed on January 25, 2022 and Cardiovalve has become a wholly-owned subsidiary of the Company.

Cardiovalve system is an innovative transcatheter valve replacement system which targets both mitral regurgitation and tricuspid regurgitation. Compared with similar products, its transfemoral approach significantly improves the safety of treatment and its 55 mm annuli is suitable for about 95% of the patient population. Meanwhile, its unique short frame design lowers the risk of LVOT obstruction. At present, the Cardiovalve system is undergoing multi-center clinical trials in the United States and Europe, and the initial clinical results are promising. Its treatment of mitral regurgitation has entered clinical study in Europe and is currently in an early feasibility study in the U.S.. Furthermore, its device for the treatment of tricuspid regurgitation received 'Breakthrough Device Designation' by the FDA in January 2020 and obtained approval for early feasibility study. Cardiovalve is the first company approved by FDA to conduct early feasibility study on indications of mitral regurgitation and tricuspid regurgitation.

Upon acquisition of Cardiovalve, the Company will continue to promote its clinical research in Europe and the United States, and at the same time accelerate its clinical development, registration and marketing in domestic market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CARDIOVALVE SUCCESSFULLY.

Surgical Valve

The surgical valve products independently developed by us are surgical valve replacement products for patients with AS and regurgitation. The surgical valve adopts dry tissue technology and uses bovine pericardium tissue. It leverages anti-calcification technology to improve valve durability without cold chain transportation. At present, there are two surgical valves in pipeline. One is the open-chest surgical valve, Venus-Neo. Compared with existing marketed products, it improves hydrodynamic performance, increases effective opening area, reduces pressure difference across valves, and adopts supra-annular design and is scalable, which offers a potential solution for future valve-in-valve procedures. The other is the small incision surgical valve which is implanted through the median or intercostal small incision, thus contributing to quick recovery and causing less trauma to patients. At present, it is undergoing animal study.

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

TriGUARD3 – CEP Device

TriGUARD3, the cerebral embolic protection device, can protect brain completely through covering the whole ascending aorta. It is the only CEP device designed to cover the whole ascending aorta (covering the innominate artery, left carotid artery and subclavian artery). It can greatly minimize the risk of brain damage and prevent cerebral embolism during TAVR and other structural heart disease surgeries.

TriGUARD3 obtained the CE Marking from the EU on March 4, 2020, and completed the first clinical application in the PRC on January 15, 2021. It completed the first commercial application in Asia-Pacific region in Hong Kong, the PRC on March 14, 2021 and its registered clinical trials were initiated in the General Hospital of the PLA Northern Theater Command on April 28, 2021 and completed the first patient enrollment. In October, NMPA has officially accepted the marketing application of TriGUARD3 submitted by the Company. Marketing application filed with the FDA has been suspended in September 2021 after mutual communication.

For the year ended December 31, 2021, the sales revenue of TriGUARD3 was RMB9.4 million (year ended December 31, 2020: RMB3.3 million).

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TRIGUARD3 SUCCESSFULLY.

Leaflex – Aortic Valve Repair Product

Leaflex is a non-implant catheter-based solution for AS treatment. It scores the calcification within the leaflets from the aortic side, and the ventricular side of leaflets remains basically intact without tearing the ventricular tissue of leaflets, so as to achieve complete movement, restore the mobility of leaflets and improve valve hemodynamics, thereby improving flow access and reducing the gradient across the valve. The Leaflex procedure is simple without implantation, and the hospitalization length-of-stay is short.

Leaflex can be used not only for young patients who may be too young for TAVR, but also for future value-in-valve procedures of aortic valve after TAVR implantation, so as to provide lifetime management of AS at a lower cost than replacement. In September 2020, we completed the cooperative transaction with Pi-Cardia, and introduced Leaflex products into the Chinese market. We have completed the first application of FIM clinical trials in China on October 17, 2021. Pi-cardia has commenced clinical trials in Europe.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LEAFLEX SUCCESSFULLY.

Liwen RF – Ablation System

The Company announced in October 2021 to enter into an agreement with Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司) to acquire the 100% share capital and corresponding interests of Nuocheng Medical, at a consideration of not more than RMB493.0 million, which shall be settled in installments conditionally subject to completion of the agreed milestones. Accordingly, the Company obtained its Liwen RF ablation system.

Incorporated in 2017, Nuocheng Medical is an innovative medical device R&D enterprise incubated by Dinova Healthcare Group which is committed to providing safe and effective treatment for patients with HCM. Its independently developed Liwen RF™ ablation system adopts the international novel operation treatment through ventricular septum under the guidance of ultrasound, which offers a safe, effective, accurate and minimally invasive innovative treatment strategy for HCM, and has been widely demonstrated and recognized by major international academic conferences such as TCT, CSI and CIT. At present, the product has entered the multi-center clinical trial in China.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LIWEN RF SUCCESSFULLY.

RDN Product

On June 30, 2021, the Company established a 51% owned subsidiary, Renaly Ltd, with Israeli high-tech company, Healium, to introduce the new generation of innovative devices for RDN from Healium, and conduct R&D, production and commercialization of RDN products worldwide.

Its exclusive Dual-Mode Ultrasound Technology Platform can realize non-contact continuous ablation treatment with real-time ultrasound imaging, significantly reducing the occurrence of various problems such as insufficient nerve ablation or vascular damage caused by uncontrollable ablation. The delivery of accurate and efficient ablation shifts the treatment paradigm to more predictable outcomes and simplifies the procedure flow to ultimately improve the safety and efficacy of ablation procedures. Professor Martin B. Leon, a member of our Global Advisory Board and his team will serve as the global PI of the product.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET RDN PRODUCT SUCCESSFULLY.

R&D Innovation

The Company primarily adopts independent R&D model and has established a global R&D innovation platform. Our three R&D centers are located in Hangzhou, the PRC, Caesarea, Israel and California, the U.S., and are consisted of talents with rich professional experience and innovative capability. The Company continues to be granted awards and included in national key projects for its R&D efforts. For example, in April 2021, the key materials of minimally invasive self-expanding and interventional pulmonic valve system won the first prize of Technical Invention Award in 2020 Scientific Research Outstanding Achievement Award of Higher Institutions (Science and Technology). In June 2021, the national key R&D project "Development and Application of Transcatheter Interventional Self-expandable Pulmonic Valve Replacement System" was officially launched.

The Company not only possesses strong in-house R&D capabilities, but also constantly enriches and improves its product pipeline through cooperation with innovative device companies and academic institutions, striving to keep abreast with structural heart disease technologies. The Global Advisory Board (comprising Professor Ziyad M Hijazi, Professor Martin B. Leon, Professor Horst Sievert and Professor Ron Waksman) consists of world-renowned experts in cardiovascular and structural heart disease interventional therapy, who offers regular insightful opinions and suggestions on the Company's R&D activities and global commercialization of products, so as to promote the Company's technological innovation and global layout of products. On April 16, 2021, the Company held an Investor Open Day, and invited top experts in cardiovascular field at home and abroad, such as Professor Martin B. Leon, Professor Scott Lim and Professor Ziyad Hijazi, to interpret in-depth the Company's product development, pipeline progress and international commercial layout.

On March 1, 2022, the Company announced to establish the Venus Global Heart Valve Innovation Center in Israel. The Venus Global Heart Valve Innovation Center will be dedicated to incubating breakthrough innovative treatment technologies, further improving the Company's global innovation system and product portfolio with a focus on, among others, developing a new generation of aortic regurgitation treatment technology leveraging the Cardiovalve technology platform and the application of digital health technology to valve system, and transfer our technologies to China and other regions around the world at an appropriate time. Meanwhile, the Company will also launch the China-Israel engineer exchange training program under the Venus Global Heart Valve Innovation Center, in an endeavor to integrate the unique resources of the both countries to nurture innovative talents and pave the way for our sustainable development.

For the years ended December 31, 2020 and 2021, our R&D expenses were RMB167.3 million and RMB258.3 million, respectively.

Intellectual Properties

The Company attaches great importance to intellectual property protection. Leveraging its strong R&D capability, as of February 28, 2022 the Company had a total of 756 patents and patents under applications, including 315 authorized invention patents. We had 284 patents under application and authorized in the PRC, including 177 authorized patents; and 445 patents under application and authorized overseas, including 252 authorized patents. We had 27 PCT applications. Our global IP portfolio mainly covers China, the U.S., Europe, Japan, Canada, Russia, India, Brazil and other countries.

External business development

The Company continues to improve its in-house R&D capability through establishment of a strong internal R&D team, and meanwhile it also proactively seeks to establish partnership with the world's leading innovative device companies and academic institutions to gain access to the world's leading technologies and high-value products, expand the Company's product layout and enrich product pipelines.

On January 28, 2021, the Company reached cooperation with Endoluminal Sciences Pty Ltd., the global leader in transcatheter solutions for structural heart disease, and introduced its active anti-paravalvular leak technology into China and applied to the Company's new generation of valve products.

On May 6, 2021, the Company invested in the innovative medical device company Valgen Holding Corporation. With such investment, the Company will strengthen its mitral valve repair and tricuspid valve repair product pipeline, and further improve its strategic layout in the field of structural heart disease treatment.

On June 30, 2021, the Company established a 51% owned subsidiary, Renaly, with Israeli high-tech company, Healium, which focuses on the R&D of ultrasonic treatment and imaging capabilities, to introduce the new generation of innovative devices for RDN from Healium, and conduct R&D, production and commercialization of RDN products worldwide. Renaly, the 51% owned subsidiary, will be controlled by the Company. Professor Martin B. Leon and his team served as the global PI of the project.

On September 30, 2021, the Company, through one of its wholly-owned subsidiaries incorporated in China, entered into a share transfer agreement to acquire the equity interests in Nuocheng Medical to obtain its Liwen RF ablation system for the treatment of HCM. Such acquisition will significantly enhance the innovation of the Company's product pipelines, and create synergy with the Company's commercialization ability in the field of diagnosis and treatment of structural heart disease, thus consolidating the Company's competitive advantage.

On December 7, 2021, the Company entered into an agreement with Cardiovalve, a company engaged in innovative transcatheter interventional replacement products for patients suffering from mitral or tricuspid regurgitation to acquire the 100% share capital and corresponding interests of Cardiovalve at a consideration of US$266 million, which shall be settled in installments conditionally subject to completion of the agreed milestones. The acquisition has been completed on January 25, 2022 and Cardiovalve has become a wholly-owned subsidiary of the Company.

Manufacturing

We have an approximately 5,500 sq.m. facility in Hangzhou and an approximately 816 sq.m. facility 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 the PRC and follow rigorous manufacturing and quality control standards to ensure high product quality and safety standards. The Company maintains strong synergy between R&D and production, and focuses on the management process of whole product life cycle. In the process of launching R&D for new products, it will pay due consideration to the convenience of production and optimizes product design to improve production efficiency and product quality. The Company continuously strengthens the production capacity and production management level, establishes and improves advanced quality management system and refines production system. We conduct all the key valve manufacturing procedures in-house. Over the years, we have accumulated expertise and know-how in manufacturing heart valve products, which sets a solid foundation for our long-term growth.

Quality system

The Company has established a quality management system that meets the requirements of GMP of NMPA of the PRC, cGMP of FDA of the U.S., MDR of EU, BGMP of ANVISA of Brazil, ISO13485 and other regulations and standards, and carries out quality control in the whole life cycle of products from R&D to post-marketing sales. The Company develops and maintains a quality management system with high standards and strict requirements to ensure the quality of its products. In 2019 and 2021, the Company was admitted to the first and third experience exchange meeting regarding national medical device production quality management standards. This year, the Company introduced and shared experiences with national medical device enterprises as an outstanding representative in Beijing. As the COVID-19 remains challenging globally, the Company accepted the remote and on-site quality system audit conducted by the EU Notified Body this year, and successfully passed the CE MDR qualification audit under the new EU MDR regulations. The Company was selected as the training base of medical devices in Hangzhou to provide the inspectors of medical device quality management system with a training platform integrating theoretical knowledge and practical operation.

Commercialization

We continuously strengthened the construction of marketing systems, gradually established an independent marketing system matching our existing products and products to be marketed, and persist in the strategic commercialization direction of professional and brand-oriented development. The Company adopted the independent marketing approach as a result of the industry development stage and market environment. As TAVR is at the initial development stage and only a small number of hospitals and doctors are capable of performing TAVR surgery, considerable academic promotion and professional trainings are crucial to the Company. The Company has established a professional in-house marketing team to focus on academic promotion and doctor education with our rich professional knowledge and clinical resources, in a bid to constantly foster and expand the TAVR market.

As the pioneer to launch TAVR product in China, we have set up a set of systematic TAVR training courses in the PRC to promote our products, improve TAVR awareness, and promote the penetration in the Chinese market.

To facilitate the marketing of innovative products and expansion into international market, we are also developing a global commercialization team. Following the marketing of TriGUARD3 in the European market in 2020, the Company has successively appointed Shakeel Osman as the senior vice president of sales in Europe to be responsible for the commercial promotion of congenital heart disease business; David Breant as the vice president of sales in Europe to responsible for adult structural heart disease business and direct sales business in Germany, France and other regions; and Joyce Heo as the sales director to be responsible for the sales business in emerging markets.

Impact of the COVID-19 Pandemic

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. The Chinese government has again implemented significant regional travel restrictions in response to the outbreak of the Delta variant since July 2021 and the Omicron variant since November 2021.

Despite of the foregoing, our revenue for the year ended December 31, 2021, being approximately RMB415.9 million, increased by 50.6% compared to approximately RMB276.0 million for the year ended December 31, 2020. The pandemic had a material adverse effect on the Group's commercialization in China and Europe for 2021. As the future impact of COVID-19 in China and Europe is still uncertain, we expect our business operations, planned registration and evaluation process and commercialization in China and Europe will be subject to the impact of the COVID-19 pandemic.

As at the date of this announcement, we had no suspected or confirmed active COVID-19 cases on our premises or among our employees. We will continue to implement our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects.

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. VenusA-Valve was commercialized in August 2017 and VenusA-Plus was approved by the NMPA for marking in December 2020. Sales of VenusA-Valve/VenusA-Plus have comprised the major portion of our revenue, and are expected to account for a substantial portion of our sales in the near future.

The Group's revenue for the year ended December 31, 2021 was RMB415.9 million, representing an increase of 50.6% compared to RMB276.0 million for the year ended December 31, 2020. The increase was primarily attributable to the rapid increase of VenusA-Valve/VenusA-Plus, and enhanced penetration of TriGUARD3 into the overseas market. For the year ended December 31, 2021, revenue from sales of VenusA-Valve and VenusA-Plus accounted for 97.4% of our total revenue, as compared to 98.5% for the year ended December 31, 2020.

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

	Year ended December 31, 2021		Year ended December 31, 2020	
Revenue	***RMB'000***	**Proportion**	*RMB'000*	Proportion
VenusA-Valve/VenusA-Plus	**405,346**	**97.4%**	272,010	98.5%
TriGUARD3	**9,381**	**2.3%**	3,347	1.2%
Others	**1,135**	**0.3%**	690	0.3%
Total	**415,862**	**100%**	276,047	100%

Cost of Sales

The cost of sales for VenusA-Valve, VenusA-Plus and TriGUARD3 primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the year ended December 31, 2021 was RMB91.5 million, representing an increase 87.5% compared to RMB48.8 million for the year ended December 31, 2020. The increase was primarily attributable to the increase in staff cost and cost of raw materials as a result of increased sales volume of VenusA-Valve, VenusA-Plus and TriGUARD3.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased 42.7% from RMB227.3 million for the year ended December 31, 2020 to RMB324.3 million for the year ended December 31, 2021. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 82.3% for the year ended December 31, 2020 to 78% for the year ended December 31, 2021, mainly due to a decrease in unit sales price of TAVR products, leading to a decrease in overall gross profit margin.

Other Income and Gains

The Group's other income and gains for the year ended December 31, 2021 was RMB307.1 million, representing an increase 159.5% compared to RMB118.2 million for the year ended December 31, 2020, primarily attributable to the fair value adjustment of contingent consideration payables related to the acquisition of Keystone which were not required to be settled based on the acquisition agreement.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended December 31, 2021 was RMB216.1 million, representing an increase 60.5% compared to RMB134.6 million for the year ended December 31, 2020. The increase was primarily attributable to the increase of sales revenue during the corresponding period of 2021, which was primarily attributable to the growth of staff cost resulting from the increased number of sales personnel and increase in investment in market exploration and promotion.

R&D Costs

The Group's R&D costs for the year ended December 31, 2021 was RMB258.3 million, representing an increase 54.4% compared to RMB167.3 million for the year ended December 31, 2020. The increase was primarily attributable to our on-going efforts to enrich and optimize product pipeline and the increase in staff cost due to expansion of the R&D team.

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

	Year ended December 31, 2021 ***(RMB'000)***	Year ended December 31, 2020 *(RMB'000)*
R&D Costs for Core Products		
Staff costs	**78,942**	41,328
Raw material costs	**38,062**	16,176
Third-party contracting costs	**13,313**	7,452
Intellectual property expenses	**6,189**	6,596
Clinical trial expenses	**54,160**	41,760
Others	**67,670**	53,939

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2021 was RMB128.6 million, representing an increase 23.5% compared to RMB104.1 million for the year ended December 31, 2020. The increase was primarily attributable to the increase in staff remunerations and number of employees to support our business growth.

Other Expenses

The Group's other expenses for the year ended December 31, 2021 was RMB389.3 million, representing an increase 219.6% compared to RMB121.8 million for the year ended December 31, 2020. The increase was primarily because the Company provided an impairment loss on certain intangible assets and goodwill.

Impairment Losses on Financial Assets, Net

The Group's impairment losses on financial assets, net, for the year ended December 31, 2021 was RMB3.2 million, representing a change 3,300.0% compared to the reversed on impairment losses of RMB0.1 million for the year ended December 31, 2020. The change was primarily attributable to the increase in trade receivables resulting from increase in sales revenue and increase in provision for impairment allowance of certain trade receivables as a result of the increase in aging of trade receivables.

Finance Costs

The Group's finance costs for the year ended December 31, 2021 was RMB1.9 million, representing a decrease of 54.8% compared to RMB4.2 million for the year ended December 31, 2020. The decrease was primarily attributable to no more finance charge for a guarantee during the Reporting Period.

Share of Losses of Associates

The Group's share of losses of associates for the year ended December 31, 2021 was RMB11.7 million, representing a change of 2,050.0% from income of RMB0.6 million for the year ended December 31, 2020. The change was primarily attributable to losses incurred in the Reporting Period by two associates newly invested in the second half of 2020.

Income Tax

The Group's income tax credit for the year ended December 31, 2021 was RMB6.2 million, representing an increase 106.7% compared to the income tax credit of RMB3.0 million for the year ended December 31, 2020. The increase was primarily attributable to the loss available for offsetting against future taxable profits arising from acquisition of a subsidiary.

Non-IFRS Measures

To supplement our audited consolidated statement of profit or loss and other comprehensive income which is presented in accordance with the International Financial Reporting Standards ("**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 impacts of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including share awards. 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:

	Year ended December 31, 2021 ***(RMB'000)***	Year ended December 31, 2020 *(RMB'000)*
Loss for the year	**(371,394)**	(182,868)
Add:		
Share awards [(1)]	**0**	9,000
Adjusted net loss for the year [(2)]	**(371,394)**	(173,868)

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) We consider share awards 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 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 December 31, 2021 were RMB2,955.2 million, representing an increase of 9.1% compared to RMB2,708.2 million for the year ended December 31, 2020. The increase was primarily attributable to placing of new H Shares by the Company in January 2021.

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, VenusA-Plus and TriGUARD3. 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 borrowings, as at December 31, 2021 were RMB4.9 million, while the Company did not incur borrowings as at December 31, 2020.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2021 was 1.5%, representing an increase of 66.7% compared to 0.9% for the year ended December 31, 2020.

Net Current Assets

The Group's net current assets, as at December 31, 2021 were RMB3,231.1 million, representing an increase of 9.3% compared to net current assets of RMB2,954.9 million as at December 31, 2020. The increase was primarily attributable to placement of new H Shares by the Company in January 2021.

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.

Significant Investments, Material Acquisitions and Disposals

(1) The January 2021 Placing

On January 22, 2021, the Company entered into a placing agreement with Goldman Sachs (Asia) L.L.C. and UBS AG Hong Kong Branch (as the placing agents), pursuant to which the Company conditionally agreed to place 18,042,500 new H shares at the placing price of HK$80.08 per placing share to no less than six professional, institutional and/or individual investors which are not connected persons of the Company (the "**January 2021 Placing**"). The completion of the January 2021 Placing took place on January 29, 2021 and an aggregate of 18,042,500 new H shares have been successfully allotted and issued by the Company at the placing price of HK$80.08 per placing share on the same day. The aggregate gross proceeds from the January 2021 Placing amounted to approximately HK$1,445.0 million and the aggregate net proceeds from the January 2021 Placing amounted to approximately HK$1,427.0 million after deducting the expenses of the January 2021 Placing. For details of the January 2021 Placing, please refer to the Company's announcements dated January 22, 2021 and January 29, 2021, respectively.

(2) The Acquisition of 100% Equity Interests in Cardiovalve (the "Acquisition")

On December 7, 2021, the Company entered into the Share Purchase Agreement with the Purchaser, the Target Company, Target Company Selling Shareholders and Selling Shareholders' Representative, pursuant to which the Purchaser has agreed to acquire, and each of the Target Company Selling Shareholders has agreed to sell, all of the issued and outstanding shares of the Target Company (other than the Company-Owned Equity). The Consideration under the Share Purchase Agreement consists of (i) the Aggregate Closing Consideration, and (ii) the Earn-Out Consideration, which represents contingent payments upon the achievement of certain milestone events and may include the Regulatory Mitral Earn-Out Consideration, the Regulatory Tricuspid Earn-Out Consideration, and the Minimum Patient Earn-Out Consideration. Upon the Closing of the Share Purchase, the Company will hold the entire share capital of the Target Company through the Purchaser.

Concurrently with the execution of the Share Purchase Agreement, and as an inducement to the Target Company entering into the Share Purchase Agreement and to cause the Share Purchase and the other transactions thereunder to be consummated, the Company and Venus HK, a wholly-owned subsidiary of the Company, also entered into the Convertible Loan Agreement with the Target Company and Cardiovalve, which is a non wholly-owned subsidiary of the Target Company as of the date of this announcement and will become a wholly-owned subsidiary of the Target Company prior to the Closing, pursuant to which Venus HK has agreed to provide US$23,000,000 to the Cardiovalve in the form of a convertible loan. Please refer to the Company's announcement dated December 8, 2021.

Unless otherwise defined, capitalized terms in this sub-section shall have the meaning ascribed to such terms in the Company's announcement dated December 8, 2021.

Save as disclosed above, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures. We did not hold any significant investments.

Capital Expenditure

For the year ended December 31, 2021, the Group's total capital expenditure amounted to approximately RMB320.8 million, which was used in (i) increase in investment in an associate; (ii) amounts paid to acquire a subsidiary; (iii) purchase of items of property, plant and equipment; and (iv) purchase of other intangible assets.

Charge on Assets

As at December 31, 2021, there was no charge on assets of the Group.

Contingent Liabilities

As at December 31, 2021, except for the contingent consideration payables recognised for acquisition of subsidiaries, we did not have any contingent liabilities.

Subsequent Events

The completion of the Acquisition has taken place on January 25, 2022 and Cardiovalve has now become an indirect wholly-owned subsidiary of the Company. For details of the Acquisition, please refer to the announcements dated of December 8, 2021 and January 26, 2022, respectively.

Save as disclosed above, the Company is not aware of any material subsequent events from December 31, 2021 to the date of this announcement.

Employees and Remuneration Policies

As of December 31, 2021, we had 905 employees in total.

Among the 905 employees, 819 of our employees are stationed in China, and 86 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

With an on-ongoing focus on the unmet medical needs, we will remain committed to the innovation-based and internationalization-driven development path, and strive to enhance our globalization, innovation and commercialization capacity in the structural heart disease treatment field.

Strengthen our Global Strategy

The Company makes constant efforts to implement its multi-level globalization strategy in terms of innovation, R&D, external cooperation and commercialization. Leveraging in-depth cooperation with global partners and keeping pace with international cutting-edge technologies and products, the Company has established a globalized product portfolio. Meanwhile, we continue to accumulate operating experience in the international markets, and have fostered a business team with extensive experience and global vision. Our global clinical and registration team has acquired the basic capability for clinical promotion and registration in the overseas market. In terms of commercialization, we will keep strengthening our overseas marketing efforts, establish overseas sales network and tap into the expertise of local professional sales personnel to explore the international market.

Improve Innovation Capacity

The Company has been upholding the principle of clinical value-oriented innovation, and continues to expedite the upgrading of existing product pipeline through increased investment, in an endeavor to further expand our leading edge in the structure heart disease treatment field. Besides, the Company maximizes its industry experience, resources and global leading product and technology platform to establish the overseas innovation ecosystem and cooperation network, thereby extending business presence to world cutting-edge frontiers. Specifically, we completed the acquisition of Cardiovalve, a renowned innovation company engaged in mitral valve and tricuspid valve replacement products, and taking it as a brand new starting point, the Company launched its innovative products in the European and American markets, which in turn propelled its globalization strategy.

Continue to Consolidate our Marketing Advantages

Unlike overseas markets, China's TAVR industry is still at the early stage with lower surgical penetration, and hospitals and doctors are the major hindrance to the rapid promotion of TAVR procedures in China. We will continue to leverage our first-mover advantage, reinforce the in-house marketing teams, focus on academic popularization and doctor education with our profound expertise and clinical resources, promote TAVR procedures and grow with doctors, in a bid to further enhance the hospital penetration of TAVR products. In addition, we will proactively facilitate patient education to improve their acceptance of TAVR procedures. Meanwhile, we will also make unremitting efforts to develop innovative products that better suit Chinese patients and are more friendly to doctors, anticipating to constantly drive market share and lead China's TAVR market.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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. During the year ended December 31, 2021, the Company has strictly complied with the provisions of the Corporate Governance Code.

Compliance with the Model Code

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 set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries to all Directors and Supervisors concerning their compliance with the Model Code. All Directors and Supervisors confirmed that they had strictly observed all standards set out in our Company's code of conduct regarding Directors' and Supervisors' securities transactions during the year ended December 31, 2021.

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 year ended December 31, 2021.

Purchase, Sale or Redemption of Listed Securities

During the year ended December 31, 2021, the Company has repurchased a total of 3,114,000 H Shares of the Company on the Stock Exchange at an aggregate cash consideration of HK$88,687,960.3 (excluding expenses). As of the date of this announcement, the H Shares repurchased by the Company during the year ended December 31, 2021 have not been cancelled by the Company.

Details of shares repurchased during the year ended December 31, 2021 are set out as follows:

Date of repurchases	Number of H Shares repurchased on the Stock Exchange	Price paid per H Share		Aggregate consideration paid	Proportion
		Highest	Lowest		
December 8, 2021	1,000,000	29	28.96	28,988,186.6	32.7%
December 17, 2021	500,000	29.23	28	14,198,498.7	16.0%
December 20, 2021	1,614,000	29	26.76	45,501,275.0	51.3%
Total	3,114,000	29.23	26.76	88,687,960.3	100%

Save for the aforesaid repurchases of H Shares, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the year ended December 31, 2021.

H Share Full Circulation

On June 15, 2020, the Company submitted an application (the "**Application**") to the China Securities Regulatory Commission (the "**CSRC**") in respect of the conversion of certain of its domestic shares and unlisted foreign shares into H shares of the Company.

On June 19, 2020, the Company obtained from the CSRC an official acceptance letter in respect of the Application, pursuant to which, the application materials had completed and the CSRC had accepted and will process the Application.

On August 14, 2020, the Company received a formal approval of the Application from the CSRC, under which the Company is allowed to convert an aggregate of 221,752,871 unlisted domestic shares into overseas-listed shares that are eligible to be listed and traded on the Main Board of the Stock Exchange, and the listing of such shares on the Stock Exchange. The formal approval shall be valid for 12 months from August 11, 2020.

On November 16, 2020, the approval for the listing of and the permission to deal in 221,752,871 H shares, representing the maximum number of unlisted domestic shares to be converted under the conversion and listing of 221,752,871 unlisted domestic shares, was granted by the Stock Exchange.

On November 27, 2020, the conversion of 212,450,085 unlisted and unpledged domestic shares into the H shares was completed and the listing of such portion of converted H shares on the Stock Exchange commenced on November 30, 2020. It is expected that the conversion and listing of 9,302,786 unlisted and pledged domestic shares will be completed no later than August 11, 2021.

On July 20, 2021, after release of the pledge of the 9,302,786 unlisted and pledged domestic shares (the "**Relevant Unlisted Domestic Shares**") and with the authorisation and on behalf of the holders of the Relevant Unlisted Domestic Shares, the Company completed the cancellation registration procedure for the Relevant Unlisted Domestic Shares held by such shareholder in China Securities Depository and Clearing Corporation Limited, Beijing Branch and the name of the shareholder holding the Relevant Unlisted Domestic Shares has been removed from the register of members of Unlisted Domestic Shares maintained by China Clearing. The conversion of the Relevant Unlisted Domestic Shares into H Shares (the "**Converted H Shares**") was completed on July 20, 2021 and the listing of such portion of Converted H Shares on the Stock Exchange has commenced at 9:00 a.m. on July 20, 2021.

For details in relation to the H share full circulation programme of the Company, please refer to the Company's announcements dated June 15, 2020, June 22, 2020, August 14, 2020, November 23, 2020, November 27, 2020 and July 20, 2021.

Use of Proceeds

(1) Use of Proceeds from the Initial Global Offering

The net proceeds received by the Company from its initial global offering (including the full exercise of the over-allotment option) amounted to HK$2,846.0 million (equivalent to RMB2,558.0 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 year ended December 31, 2021, the Company has used (i) RMB449.27 million for payment of expenses incurred by the core products of the Company; (ii) RMB632.15 million for payment of expenses incurred by other product candidates of the Company; (iii) RMB383.41 million to finance internal research and development or potential acquisition for the purpose complementing our product portfolio; and (iv) RMB255.8 million for replenishment of working capital and other general corporate purposes. The Company intends to use the net proceeds that had not been utilized as of December 31, 2021 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 2021 annual report of the Company to be published in due course.

(2) Use of Proceeds from the September 2020 Placing

The net proceeds received by the Company from the placing of an aggregate of an aggregated of 18,500,000 new H Shares taken place in September 2020 were approximately HK$1,173.0 million after deducting the expenses of the placing.

For the year ended December 31, 2021, the Company has used RMB562.71 million for replenishment of working capital and other general corporate purposes, in order to facilitate the long-term strategic development of the Company. As of the date of the announcement, all proceeds of the September 2020 Placing have been used up in line with the intended purpose. Please refer to the announcement made by the Company dated March 14, 2022 for details regarding the clarification of the intended purposes of the proceeds from 2020 Placing. For details of the breakdown of the use of proceeds, please refer to the 2021 annual report of the Company to be published in due course.

(3) Use of Proceeds from the January 2021 Placing

The net proceeds received by the Company from the placing of an aggregate of 18,042,500 new H Shares taken place in January 2021 were approximately HK$1,427.0 million after deducting the expenses of the placing.

For the year ended December 31, 2021, the Company has used (i) RMB50.98 million for accelerating the development and research of the Company's product candidates, including Venus-PowerX Valve, Venus-Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies; and (ii) RMB35.66 million for development of and investment in other new technologies. For details of the breakdown of the use of proceeds, please refer to the 2021 annual report of the Company to be published in due course.

The Company intended to change the use of proceeds from the January 2021 Placing. The Board expects that the unutilized proceeds allocated to Expanded Development and Research to be used by December 31, 2023 and the proceeds allocated to unutilized Investments and General Working Capital to be used by December 31, 2022. Please also refer to the announcement made by the Company regarding the change of use proceeds dated March 14, 2022 for details. Save as defined herein, the capitalized terms in this sub-section shall have the same meaning as defined in the announcement dated March 14, 2022.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended December 31, 2021, but represents an extract from the consolidated financial statements for the year ended December 31, 2021 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The H share register of members of the Company will be closed from Saturday, April 30, 2022 to Monday, May 30, 2022, both days inclusive, in order to determine the eligibility of the holder of H shares to attend and vote at the AGM to be held on Monday, May 30, 2022. The holder of H shares whose names appear on the H share register of members of the Company on Friday, April 29, 2022 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, April 29, 2022.

FURTHER ANNOUNCEMENTS

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

The annual report for the year ended December 31, 2021 of the Company 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.

DEFINITIONS

"AGM" or "Annual General Meeting"	annual general meeting of the Company to be held on Monday, May 30, 2022
"Aggregate Closing Consideration"	the total aggregate closing consideration for the Share Purchase
"AS"	aortic stenosis
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company

"Cardiovalve"	Cardiovalve Ltd. (formerly known as Mitraltech Ltd.), a private company incorporated under the laws of Israel, which (i) is, as of the date of this announcement, approximately 95.96% held by the Target Company and a non-wholly-owned subsidiary of the Target Company, and (ii) will, prior to the Closing, become a wholly-owned subsidiary of the Target 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
"Closing"	the closing of the Share Purchase in accordance with the terms and conditions of the Share Purchase Agreement
"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)
"Company-Owned Equity"	the 799,443 Series C Preferred Shares that the Company currently indirectly holds through its wholly-owned subsidiary, Keystone
"Consideration"	the Aggregate Closing Consideration and the Earn-Out Consideration
"Convertible Loan Agreement"	the Unsecured Convertible Loan Agreement dated December 7, 2021 entered into among the Company, the Lender, the Target Company and the Borrower
"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
"CSRC"	the China Securities Regulatory Commission

"Director(s)"	the director(s) of the Company
"EU"	the European Union
"FDA"	U.S. Food and Drug Administration
"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
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HCM"	hypertrophic cardiomyopathy
"Healium"	Healium Medical Ltd, a high– tech company in Israeli
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IASB"	the International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"Keystone"	Keystone Heart Ltd. (a wholly owned subsidiary of the Company which as of the date of this announcement, owns 799,433 Series C Preferred Shares of the Target Company) and its subsidiaries
"Listing Date"	December 10, 2019, being the date on which the shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

"LVOT"	left ventricular outflow tract
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NL"	the Netherland
"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)
"PI"	the principal investigator
"PICS-AICS 2021"	the Pediatric and Audit Interventional Cardiac Symposium held in September 2021
"Purchaser"	Athena Medtech Holding Ltd, a private company incorporated under the laws of Israel and wholly-owned by Venus HK, which is in turn wholly-owned by the Company
"Prospectus"	the prospectus published by the Company on November 28, 2019 in relation to its Hong Kong public offering
"R&D"	research and development
"RDN"	Renal Artery Denervation
"Renaly"	Renal Ltd, a 51% owned subsidiary established by the Company and Healium
"Reporting Period"	the one-year period from January 1, 2021 to December 31, 2021
"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 pulmonic artery
"RVOTD"	the dysfunction of RVOT
"Selling Shareholders' Representative"	MTH Shareholder Representative LLC, a Delaware limited liability company
"Series C Preferred Shares"	the Series C preferred shares of the Target Company

"Share Purchase"	the purchase of all of the issued and outstanding shares of the Target Company (other than the Company-Owned Equity) by the Purchaser from the Target Company Selling Shareholders, pursuant to the terms and conditions of the Share Purchase Agreement
"Share Purchase Agreement"	the Share Purchase Agreement, dated as of December 7, 2021, entered into among the Company, the Purchaser, the Target Company, the Target Company Selling Shareholders and the Selling Shareholders' Representative
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 pulmonic valve connective tissue to enlarge the pulmonic annulus), which helps blood flow from the pulmonic valve
"Target Company"	Mitraltech Holdings Ltd., a private company incorporated under the laws of Israel
"Target Company Selling Shareholders"	the existing shareholders of the Target Company, other than Keystone
"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 pulmonic stenosis, an opening in the interventricular septum, malposition of the aorta over both ventricles, and hypertrophy of the right ventricle
"TPVR"	transcatheter pulmonic valve replacement, a catheter-based technique to implant a new pulmonic 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
"UK"	the United Kingdom
"U.S." or "the USA"	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 HK" or "Lender"	Venus Medtech (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"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 products
"VenusA-Valve"	VenusA-Valve System, one of our TAVR products
"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

Hong Kong, March 31, 2022

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.