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杭州启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)**

**(1) THE THIRD QUARTERLY UPDATE ON RESUMPTION PROGRESS; AND  
(2) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Venus Medtech (Hangzhou) Inc. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated (i) May 8, 2023 in relation to, amongst others, the Disclosed Fund Flows; (ii) August 4, 2023 in relation to the key findings of the independent internal control review; (iii) November 23, 2023 in relation to the trading halt in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on even date; (iv) November 27, 2023 in relation to, amongst others, further update on the Undisclosed Fund Flows; (v) December 27, 2023 and February 16, 2024 in relation to the Resumption Guidance; (vi) February 23, 2024 in relation to the key findings of the Forensic Investigation about the Unauthorized Transactions; (vii) February 23, 2024 in relation to the first quarterly update on resumption progress; (viii) April 16, 2024 in relation to an update on the Unauthorized Transactions; (ix) May 13, 2024 in relation to the key findings and completion of the Internal Control Review; (x) May 23, 2024 in relation to the second quarterly update on the resumption progress (the “**Second Quarterly Update Announcement**”); (xi) June 6, 2024 in relation to further information on the Second Quarterly Update Announcement (the above-mentioned announcements collectively, the “**Announcements**”); and (xii) the annual report of the Company for the year ended December 31, 2023 (the “**2023 Annual Report**”) published on April 29, 2024. Terms used herein shall have the same meanings as defined in the Announcements and/or the 2023 Annual Report unless otherwise stated.

**(A) BUSINESS OPERATIONS OF THE GROUP**

The Group is principally engaged in innovative medical devices that integrate R&D, clinical development, manufacturing and commercialization. To the best knowledge of the Directors, as at the date of this announcement, the business operations of the Group are continuing as usual in all material respects. Based on its assessment, the Board is of the view that the Unauthorized Transactions did not have any significant adverse impact on the daily business operations of the Group.

## **(B) UPDATE ON RESUMPTION PROGRESS**

As disclosed in the announcements of the Company dated December 27, 2023 and February 16, 2024, the Stock Exchange has set out the following Resumption Guidance for the Company: (a) conduct the special audit and an appropriate forensic investigation into (i) the provision of loans to Mr. Zi and Mr. Zeng and (ii) other fund flows of the Group to and from Mr. Zi, Mr. Zeng and/or any entity they, individually or collectively, own or control that may be uncovered by the Special Audit, announce the findings, and take appropriate remedial actions; (b) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules; (c) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence; (d) inform the market of all material information for the Shareholders and investors to appraise its position; and (e) re-comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules in relation to the composition and chairmanship of the Board and its Board committees, as applicable.

### **The Forensic Investigation**

As disclosed in the announcement of the Company dated February 23, 2024, the Company has announced the key findings to the Forensic Investigation in relation to the Unauthorized Transactions. The Special Committee, after having reviewed the report submitted by the Forensic Consultant, recommended that the Board should adopt the findings of the Forensic Investigation, and made recommendations to the Board on the appropriate actions to be taken. The Board also resolved to implement the recommendations made by the Special Committee. For further details, please refer to the announcement of the Company dated February 23, 2024. Further, as disclosed in the announcement of the Company dated April 16, 2024 and the 2023 Annual Report, the total outstanding amount under the Unauthorized Transactions has been fully repaid or released, except the RMB80,000,000 unauthorized loan to Jiangsu Wuzhong by Hangzhou Qijin (a wholly-owned subsidiary of the Company) (the “**Unauthorized Loan to Jiangsu Wuzhong**”).

As the Unauthorized Loan to Jiangsu Wuzhong had not been repaid, Venus Medtech (Hong Kong) Limited (“**Venus HK**”), a wholly-owned subsidiary of the Company, submitted application for arbitration against Xin Nuo Tong Investment Limited (a company wholly-owned by Mr. Zi), Tianjin Qizhang Economic Information Consulting Partnership (Limited Partnership) (天津啟彰經濟信息諮詢合夥企業(有限合夥)) and Mr. Ma at the Hangzhou Arbitration Commission on July 18, 2024. Venus HK was notified by the Hangzhou Arbitration Commission of its acknowledgement of the application for arbitration on August 9, 2024. The Company will publish further announcement(s) to keep the Shareholders and potential investors of the Company informed and appraised of the status and development in this regard, as and when appropriate. The Company continues to reserve all of its rights to recover the outstanding amount of the Unauthorized Loan to Jiangsu Wuzhong.

## **Review of internal control system and establishment of the internal audit and compliance department**

The Company announced the key findings of the Internal Control Review on May 13, 2024. For further details, please refer to the announcement of the Company dated May 13, 2024. As part of the recommendations of the Internal Control Review and to further enhance the internal controls of the Company, the Company has established an internal audit and compliance department and appointed Mr. Changxi Zhang as the internal audit and compliance senior manager with effect from May 20, 2024 to, among others, (i) supervise the compliance and implementation of the internal controls of the Group; (ii) conduct financial, operational and compliance audits of the Group; (iii) report to the audit committee of the Board in respect of internal audit matters; and (iv) plan and execute other internal audit activities.

## **Regulatory concern about management integrity**

As disclosed in the relevant Announcements, Mr. Zi has resigned as an executive director, the general manager and the authorized representative of the Company with effect from November 20, 2023. Mr. Zeng has resigned as an executive director and the chairman of the board of the Company effective from December 15, 2023. Mr. Ma has resigned as a joint company secretary and the chief financial officer of the Company with effect from June 2, 2023. Mr. Fei Wang (“**Mr. Wang**”) was appointed as the chief financial officer of the Company in replacement of Mr. Ma on January 4, 2024.

On July 4, 2024, Mr. Wang tendered his resignation due to other business commitments. Mr. Wang confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the Shareholders and the Stock Exchange. The Company has appointed a finance director, to oversee the financial matters of the Group with effect from July 5, 2024. The Company is actively looking for a new chief financial officer and is expected to finalize such appointment by mid-September 2024.

As disclosed in the relevant Announcements, the Company is of the view that the staff involved in the Unauthorized Transactions no longer hold any management position in the Group.

## **Inform the market of all material information**

Since the suspension of trading in the shares of the Company, the Company has been updating the Shareholders and potential investors on a regular basis and publishing all material information on a timely basis. The Company will continue to inform the market of all material information as and when appropriate. The Company is working closely with its professional advisers and taking appropriate steps to fulfill the Resumption Guidance and will update the Shareholders and potential investors of the Company as and when appropriate.

## **Re-comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules**

The Company is in the process of identifying a suitable candidate to fill the vacancy of independent non-executive director of the Company and the vacancies of the relevant board committees in order to fulfill the requirements of the Listing Rules and the relevant Resumption Guidance as soon as practicable. Further announcement will be made by the Company as and when appropriate, in accordance with the Listing Rules.

As at the date of this announcement, the Stock Exchange has not indicated that the Company has fulfilled the conditions as set out in the Resumption Guidance.

## **Stock Exchange Observations and Queries**

The Company is in the course of addressing further observations and queries from the Stock Exchange in respect of the resumption conditions. The Company will publish further announcement(s) to keep the Shareholders and potential investors of the Company informed and apprised of the status and development, as and when appropriate.

### **(C) USE OF PROCEEDS REVIEW**

As disclosed in the announcement dated June 6, 2024, the Company has engaged Deloitte Advisory (Hong Kong) Limited (the Forensic Consultant that carried out the Forensic Investigation) (“**Deloitte**”) as an independent and professional consultant to carry out the Use of Proceeds Review.

The Use of Proceeds Review is now substantially completed. A report of the review is expected to be issued in around late August 2024. The Company will publish further announcement(s) to keep the Shareholders and potential investors of the Company informed and apprised of the status and development in this regard, as and when appropriate.

## **Consulting Agreements**

During the Use of Proceeds Review, Deloitte has identified two consulting agreements (the “**Consulting Agreements**”) entered into between Venus HK, and each of Mr. Anthony Wu (“**Mr. Wu**”) (an independent non-executive Director) and the late Mr. Wan Yee Joseph Lau (“**Professor Lau**”) (a former independent non-executive Director), respectively. The two agreements were not agreements under which Mr. Wu and the late Professor Lau, respectively, were appointed as independent non-executive Directors. The agreement with Mr. Wu was dated December 10, 2018 for a term of three years, pursuant to which a consulting fee of HK\$860,000 was paid in March 2021. The agreement with the late Professor Lau was dated December 10, 2019 for a term of three years, pursuant to which a consulting fee of HK\$430,000 was paid in March 2021. Both Consulting Agreements were documented in March 2021, and have expired pursuant to their respective terms. The Consulting Agreements have not been separately considered or approved by the Board at the relevant times, and were not disclosed in the Company’s prospectus dated November 28, 2019 (in respect of the Consulting Agreement with Mr. Wu), the independence confirmations submitted by each of Mr. Wu and the late Professor Lau to the Stock Exchange, subsequent annual reports after listing or the circular of the Company dated April 26, 2022 (where each of Mr. Wu and the late Professor Lau had been proposed to be re-elected as an independent non-executive Director). As at the date of this announcement, Mr. Wu has returned the consulting fee to the Company.

Mr. Wu had represented to the Board that (a) he had thought until recently that the Consulting Agreement with him had been appropriately approved internally and disclosed; and (b) he provided various services to the Company which was genuine including advice and support going beyond his role as an independent non-executive Director, and had commercial substance unrelated to his role as an independent non-executive Director. Mr. Wu wishes to state that he had returned the money to the Company as a gesture of goodwill to avoid the Company from wasting additional resources on a non-material issue.

The Board is in the process of assessing the implications of such agreements and the Company will publish further announcement(s) to keep the Shareholders and potential investors of the Company informed and appraised of the status and development in this regard, as and when appropriate.

**(D) CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on November 23, 2023 and will remain suspended pending the fulfilment of the Resumption Guidance as specified by the Stock Exchange.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Venus Medtech (Hangzhou) Inc.**  
**Mr. Lim Hou-Sen (Lin Haosheng)**  
*Executive Director*

Hangzhou, August 23, 2024

*As at the date of this announcement, the executive Directors are Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma and Ms. Meirong Liu; the non-executive Directors are Mr. Ao Zhang and Mr. Wei Wang; and the independent non-executive Directors are Mr. Ting Yuk Anthony Wu and Mr. Chi Wai Suen.*