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

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

(Stock Code: 2500)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Director(s)**") of Venus Medtech (Hangzhou) Inc. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended June 30, 2024, together with comparative figures for the same period of 2023.

FINANCIAL HIGHLIGHTS

	Six months ended June 30, 2024 (Unaudited) *RMB'000*	Six months ended June 30, 2023 (Unaudited) *RMB'000*	Period-to-period change
Revenue	**230,720**	255,610	-9.7%
Gross profit	**181,760**	201,249	-9.7%
Loss before tax	**(213,581)**	(370,339)	-42.3%
Loss for the period	**(208,825)**	(366,215)	-43.0%
Loss attributable to owners of the parent	**(206,487)**	(350,188)	-41.0%
Loss per Share attributable to ordinary equity holders of the parent Basic and diluted	**RMB(0.47)**	RMB(0.80)	-41.3%
Non-IFRS measures*			
Non-IFRS commercialization profit	**34,131**	18,430	85%
Non-IFRS EBITDA	**(145,286)**	(283,098)	-48.7%

* This item is neither required under IFRS nor presented in the consolidated financial statements. For further details, please refer to "Financial Review – Non-IFRS Measures" in this announcement.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2024, as follows:

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**230,720**	255,610
Cost of sales		**(48,960)**	(54,361)
Gross profit		**181,760**	201,249
Other income and gains		**20,176**	33,077
Selling and distribution expenses		**(130,989)**	(157,911)
Research and development costs		**(180,834)**	(294,715)
Administrative expenses		**(76,575)**	(77,893)
Other expenses		**(17,437)**	(26,341)
Finance costs		**(9,805)**	(31,185)
Impairment losses reversal/(recognized) on financial assets, net		**764**	(9,656)
Share of losses of a joint venture and associates		**(641)**	(6,964)
LOSS BEFORE TAX	*5*	**(213,581)**	(370,339)
Income tax credit	*6*	**4,756**	4,124
LOSS FOR THE PERIOD		**(208,825)**	(366,215)

	Notes	For the six months ended 30 June **2024** **(Unaudited)** ***RMB'000***	 2023 (Unaudited) *RMB'000*
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**11,576**	56,146
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(197,249)**	(310,069)
Loss attributable to:			
Owners of the parent		**(206,487)**	(350,188)
Non-controlling interests		**(2,338)**	(16,027)
		(208,825)	(366,215)
Total comprehensive loss attributable to:			
Owners of the parent		**(195,123)**	(295,344)
Non-controlling interests		**(2,126)**	(14,725)
		(197,249)	(310,069)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB(0.47)**	RMB(0.80)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	**30 June 2024 (Unaudited)** ***RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**568,118**	543,372
Right-of-use assets		**134,483**	150,096
Goodwill		**1,030,732**	1,024,354
Other intangible assets		**531,340**	551,022
Investment in a joint venture		**4,180**	4,793
Investments in associates		**60,931**	60,554
Deferred tax assets		**21,255**	17,660
Equity investments designated at fair value through other comprehensive income		**16,370**	16,269
Financial assets at fair value through profit or loss		**430,814**	428,380
Prepayments, other receivables and other assets		**3,394**	9,147
Total non-current assets		**2,801,617**	2,805,647
CURRENT ASSETS			
Inventories		**123,683**	112,942
Trade receivables	*9*	**273,100**	290,607
Prepayments, other receivables and other assets		**94,551**	105,066
Loans to former directors	*10*	**108,538**	106,167
Pledged deposits		**9,430**	211,649
Short-term bank deposit		**–**	7,240
Cash and cash equivalents		**485,843**	774,396
Total current assets		**1,095,145**	1,608,067
CURRENT LIABILITIES			
Trade payables	*11*	**40,140**	33,855
Lease liabilities		**34,464**	37,722
Other payables and accruals		**287,484**	244,914
Interest-bearing bank borrowings		**130,118**	456,978
Government grants		**–**	700
Contract liabilities		**982**	28,842
Tax payable		**1,162**	2,157
Total current liabilities		**494,350**	805,168
NET CURRENT ASSETS		**600,795**	802,899
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,402,412**	3,608,546

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**265,453**	248,929
Other payables and accruals	**328,025**	338,308
Lease liabilities	**68,206**	82,557
Deferred tax liabilities	**16,641**	17,776
Government grants	**1,990**	1,630
Total non-current liabilities	**680,315**	689,200
Net assets	**2,722,097**	2,919,346
EQUITY		
Equity attributable to owners of the parent		
Share capital	**441,012**	441,012
Reserves	**2,284,513**	2,479,636
	2,725,525	2,920,648
Non-controlling interests	**(3,428)**	(1,302)
Total equity	**2,722,097**	2,919,346

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Venus Medtech (Hangzhou) Inc. (the "**Company**") is a joint stock company with limited liability established in the People's Republic of China (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. The address of its principal place of business in Hong Kong is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

During the six months ended 30 June 2024, the Company and its subsidiaries (the "**Group**") were 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 on 10 December 2019.

2. BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting. The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The International Accounting Standards Board has issued a number of amendments to International Financial Reporting Standards ("**IFRSs**") that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. IFRSs comprise International Financial Reporting Standards, IASs and Interpretations. The Group has not applied any new IFRSs that is not yet effective for the current accounting period. The directors of the Company (the "**Directors**") anticipated that the application of these new IFRSs will have no material impact on the interim financial report.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**230,720**	255,610

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Mainland China	**200,620**	233,118
Other countries/regions	**30,100**	22,492
Total revenue from contracts with customers	**230,720**	255,610
Timing of revenue recognition		
Goods transferred at a point in time	**230,720**	255,610

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**48,960**	52,975
(Reversal of)/impairment of trade receivables	**(727)**	9,029
(Reversal of)/impairment of other receivables	**(37)**	627
Write-down of/(reversal of write-down) of inventories to net realisable value	**23**	(467)
(Gain)/loss on disposal of items of property, plant and equipment, net	**(3)**	205
Foreign exchange differences, net	**(3,643)**	(1,677)

6. INCOME TAX CREDIT

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 in December 2023, and was entitled to a preferential tax rate of 15% during the period (six months ended 30 June 2023: 15%). Certain subsidiaries of the Group are qualified as small and micro enterprises and are subject to a preferential income tax rate of 20% during the period with the first annual taxable income of RMB1,000,000 eligible for 87.5% reduction and the income between RMB1,000,000 and RMB3,000,000 eligible for 75% reduction.

Israel

Pursuant to the relevant tax laws of Israel, the corporate income tax was levied at 23% (six months ended 30 June 2023: 23%) on the taxable income arising in Israel.

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (six months ended 30 June 2023: 21%) on the taxable income arising in the USA.

Netherlands ("NL")

Pursuant to the relevant tax laws of the NL, the corporate income tax was levied at the rate of up to 19% (six months ended 30 June 2023: up to 19%) on the taxable income arising in the NL.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax – PRC		
Charge for the period	**283**	1
Current tax – Israel		
Credit for the period	**(128)**	–
Current tax – USA		
Charge for the period	**6**	–
Current tax – NL		
(Credit)/charge for the period	**(295)**	413
Deferred tax	**(4,622)**	(4,538)
	(4,756)	(4,124)

7. DIVIDEND

The Board does not recommend the payment of any dividend in respect for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

8. 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 for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 437,897,443 (six months ended 30 June 2023: 437,897,443) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**206,487**	350,188

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of shares in issue during the period	**437,897,443**	437,897,443

9. TRADE RECEIVABLES

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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 6 months	**195,183**	201,096
7 to 12 months	**54,299**	61,509
1 to 2 years	**19,976**	24,839
Over 2 years	**3,642**	3,163
	273,100	290,607

10. LOANS TO FORMER DIRECTORS

The Group had following outstanding balances with related parties:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Loans to former directors:		
Mr. Zhenjun Zi ("**Mr. Zi**")	**108,538**	97,480
Mr. Min Frank Zeng	**–**	8,687
	108,538	106,167

The balances with former directors are non-trade in nature, unsecured and repayable on demand.

The amount mainly consists of the loan to Jiangsu Wuzhong amounted to RMB80,000,000, interest receivables arising from the loan to former directors with interest at 3% per annum and exchange difference arising from certain foreign currency loans. Pursuant to the repayment agreement entered into amongst the Company, its subsidiaries and Mr. Zi, Mr. Zi has agreed to voluntarily repay the outstanding amount due from Jiangsu Wuzhong and the relevant interest receivables for and on behalf of Jiangsu Wuzhong. Besides, Mr. Zi also agreed to take full responsibility of the outstanding balance of loans to former directors, accordingly, as at 30 June 2024, the outstanding principal and relevant interest receivables amounted to RMB108,539,000 (31 December 2023: RMB106,167,000) will be repaid by Mr. Zi.

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:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 3 months	**39,285**	33,420
3 to 6 months	**547**	32
6 to 12 months	**117**	1
Over 12 months	**191**	402
	40,140	33,855

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Founded in 2009, we have grown into a global platform company engaged in innovative medical devices that integrate R&D, clinical development, manufacturing and commercialization. Our vision is to become a global leader in the field of structural heart diseases, seeking effective treatment options for major diseases that seriously threaten human health.

We have developed a product portfolio covering the interventional devices for valvular heart diseases including aortic valve, pulmonary valve, mitral valve and tricuspid valve, a renal artery denervation ultrasound ablation system for interventional treatment of hypertension and other accessory consumables, allowing us to provide overall solutions for doctors and patients. In the future, we will continue to focus on the field of structural heart, and continue to iterate and update by applying new technologies and materials to introduce innovative products that meet needs of physicians and patients.

During the Reporting Period, the Company continued to focus on the field of structural heart diseases, further enhanced its research and development efficiency by optimizing the layout of its R&D pipeline, and concentrated its resources on advancing the clinical progress of its core products. We achieved several significant milestones in our global clinical research and development initiatives, which underscored the Company's robust global clinical research and operational prowess and further cemented our progress towards internationalization. In particular, our pulmonary valve product, VenusP-Valve, completed the first patient implantation in IDE pivotal clinical trial in the United States, and the clinical study is advancing steadily. Our tricuspid valve replacement product, Cardiovalve, has made notable headway in Europe, with smooth patient enrollment in pivotal clinical studies and immediate postoperative success, showcasing remarkable safety and efficacy that have garnered acclaim from international medical professionals. These products are expected to provide more high-quality treatment options for patients worldwide in the future.

We actively responded to the challenges posed by changes in domestic and international environments, pursued a balance between market share and commercialization profit margin*, continued to adhere to the "profit-making" strategy to increase commercialization profits; and actively practiced internationalization by strengthening the global sales network. During the Reporting Period, the commercialization profit margin of the Company increased to 15% from 7% for the first half of 2023. We continued to strengthen our sales team, continually expanded sales channels, and explored deeply the commercial potential of our products to offer high-quality treatment solutions to more patients. As of the end of the Reporting Period, the Company maintained the leading position in the domestic TAVR market with implantation volumes of approximately 2,300 in the first half of the year, a 15% increase from the last period, and covered over 580 hospitals. In terms of overseas operations, the Company further enhanced its global sales network and increased its market share and international influence with the differentiated positioning of the VenusP-Valve product and its long-term safe and effective clinical data. Overseas revenues, primarily driven by the VenusP-Valve product, reached RMB30.1 million, representing a year-on-year growth of 34%. In the first half of the year, the Company expanded into eight new commercialized countries, including Canada, Australia, India, Russia, and Singapore and other countries. This expansion has broadened the Company's presence to encompass 59 countries and regions spanning Europe, North America, the Middle East, Southeast Asia, and Latin America. The continuous improvement of direct sales and distributor models lays a solid foundation for commercialization and overseas expansion of the Company's products in the future.

* Commercialization profit margin represents commercialization profit divided by revenue. For details of commercialization profit margin, please refer to "Financial Review - Non-IFRS Measures" in this announcement.

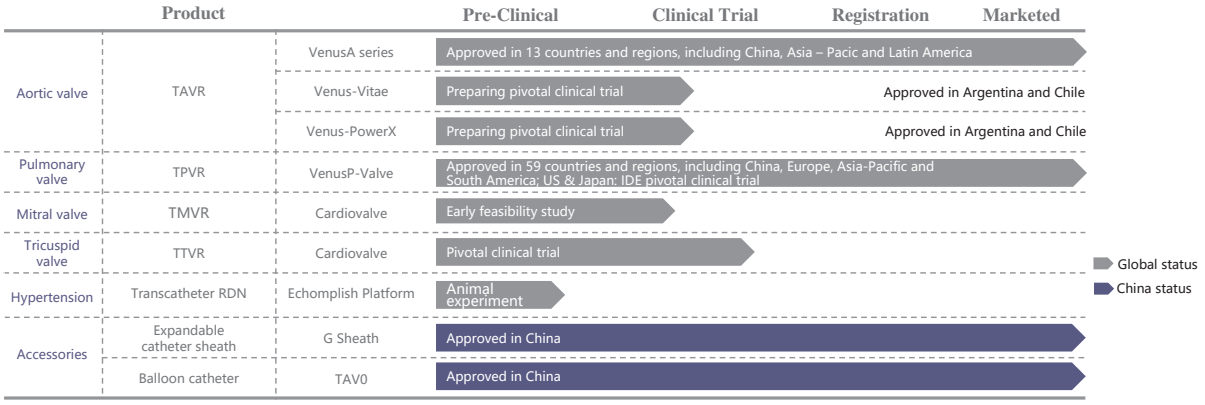
To achieve the Company's strategic objectives, we are committed to enhancing operational efficiency by actively improving internal production systems, refining processes, enhancing quality, and lowering costs. This bolstered the cost competitive advantage of our products. In addition, we continuously strengthened budget management, reduced costs, enhanced efficiency and controlled expenses to manage spending, lower costs, and reduce losses. In the first half of 2024, the losses attributable to the listed company decreased by 41% year-on-year, while non-IFRS EBITDA decreased by 48.7% year on year.

Our Products and Product Pipeline

As of the date of this announcement, the Company has successfully established a product pipeline consisting of ten innovative medical devices, covering the fields of heart valve diseases and hypertension.

Interventional treatment of heart valve diseases is our core therapeutic area. We have commercialized three TAVR products (VenusA-Valve, VenusA-Plus and VenusA-Pro), one TPVR product (VenusP-Valve) and two procedural accessories (expandable catheter sheath product (G Sheath) and balloon catheter (TAV0)). Our products currently in clinical trials include next-generation TAVR products (Venus-Vitae and Venus-PowerX), and one innovative medical device Cardiovalve which can be used for both TMVR and TTVR. In addition, we have a leading position in the non-valve segment of structural heart disease with our innovative device, the renal artery denervation (RDN) ultrasound ablation system, for interventional treatment of hypertension.

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



VenusA Series-TAVR Products

We currently have three marketed TAVR products, namely, VenusA-Valve, VenusA-Plus and VenusA-Pro. VenusA-Valve received approval for registration from the NMPA in April 2017, which marked the first NMPA approved TAVR commercialized product in China. VenusA-Plus received approval for registration from the NMPA in November 2020, which is the first retrievable TAVR product approved 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 curve of physicians.

VenusA-Pro, an upgraded version of VenusA-Plus, ensures radial force while providing improved cross-aortic arch performance with its capsule head made of super-elastic material, therefore enhancing the operability in procedures. Its commissural alignment marks help to give adequate protection to the coronary artery. VenusA-Pro was approved by the NMPA in May 2022, making the Company the first domestic enterprise with three TAVR products. Our extensive product pipeline offers better treatment options to physicians and patients, and also enables us to maintain our leading market position.

For VenusA-Valve, the earliest commercialized product in China, the Company has continued to carry out its registered clinical long-term follow-up studies, and the relevant data have proved the medium– and long-term safety and efficacy of the VenusA-Valve. At the 10th China Valve (Hangzhou) 2024 conference, the results of the four-year clinical follow-up of patients in the VenusA-Plus registered clinical trial were released. Notably, over a four-year post-operative period, there were no new cases of cardiac deaths. Furthermore, compared to the three-year post-operative phase, there were no reported occurrences of new safety events such as myocardial infarction, stroke, pacemaker implantation, or surgical interventions. In addition, subgroup analyses for both bicuspid and tricuspid valve patients revealed favourable results, demonstrating the excellent clinical safety and efficacy of VenusA-Plus.

VenusP-Valve – TPVR Product

VenusP-Valve, our independently developed transcatheter pulmonary valve system, obtained the CE MDR approval for registration in April 2022 and was approved for commercialization. The product is designed to treat patients suffering moderate to severe pulmonary regurgitation with or without RVOT stenosis. It is the first self-expanding TPVR product approved in Europe, and also the first Class III implantable cardiovascular device approved under CE MDR regulations. VenusP-Valve was approved for registration by the NMPA in July 2022 for the treatment of patients with severe pulmonary regurgitation (3+) with native RVOT. As the first TPVR product approved in China, VenusP-Valve filled the gap in clinical demands in China.

Leveraging its outstanding clinical performance, VenusP-Valve has garnered high recognition from global experts and physicians. At the 18th Oriental Congress of Cardiology, the results of the eight-year clinical follow-up of patients in the VenusP-Plus registered clinical trial in China were presented, in which there were no new deaths during the follow-up period of the year after the operation, with the longest follow-up extending to 11 years. Significant improvements were observed in pulmonary valve regurgitation, with no occurrences of moderate or severe regurgitation in eight years after operation, and normal valve function was maintained. These findings once again confirmed the long-term safety and efficacy of VenusP-Valve.

We are steadily expediting IDE (PROTEUS) pivotal clinical study on VenusP-Valve. In June 2024, the first patient implantation was successfully completed, marking a significant milestone for the Company in the U.S. market. This study is a prospective, multi-centered clinical trial targeting patients with RVOTD combined with severe pulmonary valve regurgitation, and is expected to enroll a total of 60 subjects. Previously, the clinical trial gained approval from the Centers for Medicare & Medicaid Services (CMS) for inclusion in the medical insurance program. This means that clinical treatment expenses for patients eligible for the CMS medical insurance plan can be reimbursed through insurance claims, accelerating the progress of clinical trial in various centers. We will actively expedite the approval of VenusP-Valve in the U.S. market.

Venus-Vitae – New Generation TAVR Product

The Venus-Vitae, our first self-developed balloon-expandable dry-tissue TAVR product, is about to enter SMART-ALIGN, a global pivotal clinical trial.

Venus-Vitae adopted Venus-Endura dry tissue technology, which leverages advanced anti-calcification technology on the valve to improve the durability of the valve, and three-dimensional force controlled dehydration technology without glutaraldehyde for preservation. While enhancing safety, Venus-Vitae also boasts convenience for clinical application, preservation and transportation. In addition, its delivery system is uniquely designed with the patented wire-lock technology, thus locking the valve during transporting and balloon expanding. The wire-lock technology, steerable function, balloon coaxial rotation function and axial fine adjustment function maximize the controllability for physicians, and fill in the gap in the market where similar products are not equipped with a coronary alignment delivery system. It is also equipped with the world's first adaptive, active, anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt thickness adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt. Venus-Vitae was approved for marketing and successfully completed commercial implantation in Argentina and Chile. We will conduct international multi-centered clinical trials to expedite the approval of Venus-Vitae in the global market.

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

Venus-PowerX – New Generation TAVR Product

Venus-PowerX, our first self-developed self-expanding dry-tissue TAVR product, has completed patient enrollment for early feasibility study with all patients in follow-up and is about to enter the global pivotal clinical trials.

Venus-PowerX is our new generation pre-loaded dry-tissue valve product. It adopts the Venus-Endura dry-tissue technology, which leverages advanced anti-calcification technology to improve the durability of the valve, and three-dimensional force controlled dehydration technology without glutaraldehyde for preservation. While enhancing safety, Venus-PowerX also boasts convenience for clinical application, preservation and transportation. It is also equipped with the world's first adaptive active anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt, thereby effectively reducing paravalvular leakage. Its pre-loaded dry tissue technology can significantly reduce operation preparation time. The combination of wire-controlled technology and a unique valve frame design can completely eliminate the stress on the valve during deployment, ensuring a more stable and precise release. It can be retrieved after complete release, and therefore excels in terms of safety compared with products designed with traditional approaches for release and retrieval. Additionally, the valve frame employs a unique design with three large V-shaped openings, coordinated with the direction of entry of the delivery system, effectively preserving coronary access in the later stage. The delivery system, compared to previous generations, features a unique multi-layer waveguide design, offering superior flexibility and pushability. Venus-PowerX was approved for marketing and successfully completed commercial implantation in Argentina and Chile. We will conduct international multi-centered clinical trials to expedite the approval of Venus-PowerX in global market.

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

Cardiovalve – TMVR/TTVR Product

Cardiovalve, a wholly-owned subsidiary of the Company, has independently developed mitral valve and tricuspid valve replacement products. Currently, Cardiovalve is in early feasibility study stage for the treatment of patients with mitral regurgitation and in pivotal clinical trial for the treatment of patients with tricuspid regurgitation.

Cardiovalve system is a transcatheter valve replacement system for patients suffering from mitral regurgitation and tricuspid regurgitation. Compared with similar products, its transfemoral approach significantly improves the safety of treatment and its 55 mm annular is suitable for about of the 95% patient population. Meanwhile, its unique short frame design lowers the risk of LVOT obstruction.

The enrollment of Cardiovalve has been going smoothly. The TARGET CE pivotal clinical trial has extended to more than 20 renowned cardiovascular centers in countries including the United Kingdom, Germany, Italy and Canada. As of July 31, 2024, rapid progress has been made with nearly 100 patients enrolled. At the CSI 2024 in Frankfurt, Germany, humanitarian relief clinical data for early tricuspid valve replacement with Cardiovalve was officially disclosed. The data revealed that among 20 patients with severe tricuspid valve regurgitation, 30-day postoperative follow-up data indicated that 90% of patients had regurgitation levels classified as mild or less, confirming the safety and efficacy of Cardiovalve. We will actively carry forward the clinical trials of Cardiovalve, striving for earlier approvals for marketing in the global market.

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

RDN ablation system

The Company established Renaly, a subsidiary, with Healium, an Israeli high-tech company, to introduce our new generation RDN innovative device. It is currently in the animal experiment phase.

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, improves the patient's treatment experience with non-obstructive blood flow design and simplifies the procedure flow to ultimately improve the safety and efficacy of ablation procedures.

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

R&D Innovation

In the broad market of structural heart diseases, the Company is committed to solving clinical pain points, increasing R&D investment, deeply engaging in the field of structural heart diseases, making constant innovations, continuing to accumulate technical experience, striving to bring innovative products to the market, and consolidating its leading position in the field of valves. In terms of aortic valves, the Company's new generation of dry-tissue TAVR products, Venus-Vitae and Venus-PowerX, which are in the clinical stage, adopt advanced anti-calcification technology to extend valve durability, to further improve and simplify the procedure of TAVR. In the field of pulmonary valve, we are currently conducting the IDE pivotal clinical trial for VenusP-Valve in the U.S., marking the first instance of Chinese heart valve products undergoing clinical trials in the U.S. Meanwhile, the Company continued to innovate and iterate on pulmonary valve products, continuously advancing in the field of congenital heart diseases. Furthermore, we have strategically positioned our globally leading Cardiovalve valve replacement product for interventional treatment of mitral and tricuspid valves, with rapid progress in clinical trials, poised to offer high-quality solutions for patients worldwide. Interventional therapy in mitral and tricuspid valve fields will be our new growth drivers in the future.

The Company has always attached great importance to the power of innovation, and constantly expand and enrich its product pipeline through independent research and development, collaboration with universities, research institutions and hospitals, and the introduction of innovative products, aiming to establish a multifaceted global innovation framework and set the pace in global innovation. At the same time, the Company continues to invest in platform technologies to ensure that its products always maintain a leading position in the market. The Company is also constantly improving its research and development capabilities and speed, and has established a global research and development innovation platform. Our three R&D centers are located in Hangzhou, China, Tel Aviv, Israel and Irvine, California, USA, respectively, and are all comprised of members with professional experience and innovative capacity at home and abroad. In June 2024, the project of "Research on Data-Driven New Interventional Heart Valve Materials and Devices" under the National Key Research and Development Program for the 14th Five-Year Plan, in which the Company participated, passed the mid-term inspection and acceptance, demonstrating the Company's leading position in medical device innovation.

For the six months ended June 30, 2024 and 2023, our R&D costs were RMB180.8 million and RMB294.7 million, respectively.

Intellectual Properties

The Company attaches great importance to intellectual property protection. Leveraging its strong R&D capability, as of August 30, 2024, the Company had a total of 877 patents and patents under applications, including 449 authorized invention patents. We had 394 patents under application and authorized in the PRC, including 267 authorized patents, and 454 patents under application and authorized overseas, including 327 authorized patents. We had 29 PCT applications. Our global IP portfolio mainly covers China, the U.S. and Europe, as well as other countries.

With a deep technical accumulation in the field of cardiovascular intervention therapy, Venus Medtech has received several prestigious awards, including the 2020 China Patent Excellence Award, the 2023 Zhejiang Province Intellectual Property Award, and honors for outstanding domestic medical device products, and has undertaken multiple municipal and district-level patent projects such as the high-value patent portfolio project in Hangzhou and the patent navigation project in the High-tech Zone (Binjiang). In June 2024, the Company was among the first to be included in Zhejiang Province's list of high-value patent cultivation programs, standing out as the only high-value patent cultivation project selected in the medical device industry in Zhejiang Province.

Manufacturing and quality system

We have an approximately 3,500 square meters of clean production zone in Hangzhou 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 has established an international quality management system in accordance with ISO13485, GMP of NMPA in China, QSR of the FDA in the United States, MDR of the EU, RDC of ANVISA in Brazil, MDSAP, ISO/IEC17025 and other regulations and standards. As of the date of this announcement, the Company has obtained an ISO13485 system certificate, an MDR system certificate of the EU, an MDSAP quality system certificate (covering the regulatory requirements of quality systems of the United States, Japan, Canada, Australia and Brazil), a China production license, a Brazil BGMPC certificate, a CNAS laboratory accreditation certificate, and is also a training base unit for medical device inspectors in Hangzhou. Leveraging the establishment and maintenance of a high-standard and strict quality management system, the Company imposes quality control on products throughout the life cycle, from R&D to marketing, so as to ensure the quality of products. In addition, the Company has also established a digital and refined quality system through proactively participating in and completing the safety intelligence supervision "black box" project of Zhejiang Medical Products Administration, the management intelligence supervision platform of Hangzhou Market Supervision Administration, and the key transcatheter replacement system for the "14th Five-year" period and other intelligence regulation projects.

Commercialization

Despite the intensified market competition and rapid changes in the domestic and overseas policy environments, the Company maintained a proactive stance and continued to focus on its core competitive strengths, concentrated on the enhancement of overall synergy and efficiency and adhered to the commercialization "profit making" strategy. The Company's commercialization profit margin increased from 7% for the six months ended June 30, 2023 to 15% for the six months ended June 30, 2024, which will facilitate the Company to further improve the commercialization efficiency, thereby enhancing its overall profitability in order to continue to create greater long-term value.

For commercialization in China, the Company has established a professional commercialization team to explore potential marketing channels, continuously expand the sales network in China, and continue to provide professional and comprehensive medical solutions for doctors and patients. We took an active part in international and domestic academic conferences to strengthen communication and exchange with hospitals, doctors and opinion leaders in the industry, continuously consolidate product brand awareness and influence in the industry, and establish a positive and professional brand image and competitive advantage. In the first half of 2024, the Company participated in over 10 third-party conferences and hosted 44 conferences of its own, covering more than 900 experts and attracting 92,000 visitors. As the only company in the market with three TAVR products and one TPVR product, our rich product pipeline provides physicians and patients with more and better choices of treatment, enhances the brand influence of the Company and helps to consolidate our leading position in China.

Meanwhile, for overseas marketing, we have established a professional commercialization team and comprehensive overseas sales channels and supply chain system, selling our products to over 100 medical centers in 59 countries and regions in Europe, the Middle East, Asia-Pacific, North America and Latin America. In the first half of 2024, overseas revenues, primarily driven by the VenusP-Valve product, reached RMB30.1 million, representing a year-on-year growth of 34%. In the first half of the year, the Company expanded into eight new commercialized countries, including Canada, Australia, India, Russia, and Singapore. The Company participated in four reputable international academic conferences in the cardiovascular interventional medicine industry, such as EuroPCR 2024 and CSI2024, and hosted 11 conferences of its own, which covered over 200 doctors and attracted cardiovascular experts from different countries around the world, enhanced the recognition of our products among overseas doctors, and continuously strengthened the Company's international brand awareness and influence. We also gradually established contact with physicians and hospitals through distributors to continuously expand sales and our brand influence, thus providing more options for unmet clinical needs worldwide and benefiting more patients.

I. 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. Since its commercialization in August 2017, sales of VenusA-Valve have comprised the major portion of our revenue, and are expected to continue to account for a substantial portion of our sales in the near future. VenusP-Valve received the CE MDR Marking in the EU on April 8, 2022, and was approved by the NMPA for marketing on July 11, 2022.

The Group's revenue for the six months ended June 30, 2024 was RMB230.7 million, representing a decrease of 9.7% compared to RMB255.6 million for the six months ended June 30, 2023. The fluctuation in revenue was due to the slight decrease in the unit price of products. Facing a highly competitive market environment, the Company, in order to enhance its overall profitability, did not simply pursue TAVR surgery volume and market share, but rather actively balanced market share with the pursuit of profitability in order to continue to create greater long-term value.

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

	Six months ended June 30, 2024 (Unaudited)		Six months ended June 30, 2023 (Unaudited)	
Revenue	***RMB'000***	***Proportion***	*RMB'000*	*Proportion*
VenusA series products	**191,324**	**82.9%**	229,802	89.9%
VenusP-Valve	**38,333**	**16.6%**	25,194	9.9%
Others	**1,063**	**0.5%**	614	0.2%
Total	**230,720**	**100%**	255,610	100%

Cost of Sales

Cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the six months ended June 30, 2024 was RMB49.0 million, representing a decrease of 9.9% compared to RMB54.4 million for the six months ended June 30, 2023. The decrease was in line with the change in sales revenue for the same period of 2024.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group decreased by 9.7% from RMB201.2 million for the six months ended June 30, 2023 to RMB181.7 million for the six months ended June 30, 2024. For the six months ended June 30, 2023 and 2024, the Group's gross profit margin was 78.7% and 78.8%, respectively.

Other Income and Gains

The Group's other income and gains for the six months ended June 30, 2024 was RMB20.2 million, representing a decrease of 39.0% compared to RMB33.1 million for the six months ended June 30, 2023, primarily related to the fluctuation of foreign exchange gains and interest income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended June 30, 2024 was RMB131.0 million, representing a decrease of 17.0% compared to RMB157.9 million for the six months ended June 30, 2023. The Company's selling expense rate decreased to 56.8% for the six months ended June 30, 2024 from 61.8% for the six months ended June 30, 2023. The above change was related to the enhanced commercialization efficiency of the sales team.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2024 was RMB180.8 million, representing a decrease of 38.6% compared to RMB294.7 million for the six months ended June 30, 2023, primarily attributable to the optimization of production line layout within the Group to reduce costs and increase efficiency.

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

	Six months ended June 30, 2024 (Unaudited) *RMB'000*	Six months ended June 30, 2023 (Unaudited) *RMB'000*
Staff cost	**60,590**	84,094
Raw material cost	**23,803**	54,488
R&D service expenses	**25,527**	48,909
Intellectual property expenses	**7,274**	9,214
Clinical trial expenses	**11,887**	27,793
Depreciation and amortization	**29,845**	35,265
Others	**21,908**	34,952
	180,834	294,715

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2024 was RMB76.6 million, representing a decrease of 1.7% compared to RMB77.9 million for the six months ended June 30, 2023, which remained basically the same as the same period of last year.

Other Expenses

The Group's other expenses for the six months ended June 30, 2024 was RMB17.4 million, representing a decrease of 33.8% compared to RMB26.3 million for the six months ended June 30, 2023. The decrease was primarily due to a decrease in donations during the Reporting Period.

Impairment of Goodwill and Intangible Assets

The Group did not record impairment on goodwill and intangible assets for the six months ended June 30, 2024.

As at June 30, 2024, the carrying amount of goodwill and other intangible assets of the Group were RMB1.03 billion and RMB0.53 billion, respectively. In preparing the condensed consolidated financial statements for the period ended June 30, 2024, the Company's management reviewed the financial performance of the relevant cash generating unit of the Company, and no material impairment indicator was identified. Thus, the Company's management considered that no impairment of goodwill and other intangible assets was necessary during the six months ended June 30, 2024.

Finance Costs

The Group's finance costs for the six months ended June 30, 2024 was RMB9.8 million, representing a decrease of 68.6% compared to RMB31.2 million for the six months ended June 30, 2023. The above change was due to the decrease in interest expenses as a result of the repayment of bank loans by the Group during the Reporting Period.

Impairment Losses on Financial Assets, Net

The Group's reversal of impairment losses on financial assets, net, for the six months ended June 30, 2024 was RMB0.8 million, representing a change of 110.0% compared to the accrued on impairment losses of RMB9.7 million for the six months ended June 30, 2023. The above change was mainly due to the decrease in the balance of long-term trade receivables and the partial reversal of bad debt provision for trade receivables.

Share of Losses of Associates and Joint Ventures Accounted for under the Equity Method

The Group's share of losses of associates and joint ventures accounted for under the equity method for the six months ended June 30, 2024 was RMB0.6 million, as compared to share of losses of associates and joint ventures accounted for under the equity method for the six months ended June 30, 2023 of RMB7.0 million, primarily attributable to changes in losses recorded by our investees during the Reporting Period.

Income Tax

The Group's income tax credit for the six months ended June 30, 2024 was RMB4.8 million, as compared to income tax credit of RMB4.1 million for the six months ended June 30, 2023. The tax credit for the Reporting Period was primarily attributable to deferred tax recognized in profit or loss relating to fair value adjustment on acquisition of a subsidiary.

Non-IFRS measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided commercialization profit and EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets out a reconciliation of non-IFRS EBITDA to loss before tax for the periods indicated:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before tax	**(213,581)**	(370,339)
Finance costs	**9,805**	31,185
Depreciation of property, plant and equipment	**18,206**	17,371
Amortization of intangible assets	**15,329**	13,054
Depreciation of right-of-use assets	**24,955**	25,631
Non-IFRS EBITDA[1]	**(145,286)**	(283,098)

The following table sets out a reconciliation of non-IFRS commercialization profit to gross profit for the periods indicated:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gross profit	**181,760**	201,249
Add/(less):		
Selling and distribution expenses	**(130,989)**	(157,911)
Other expenses		
Including: charitable donations	**(16,640)**	(24,908)
Non-IFRS commercialization profit[2]	**34,131**	18,430

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents as at June 30, 2024 were RMB485.8 million, representing a decrease of 37.3% compared to RMB774.4 million as at December 31, 2023. The decrease was mainly due to repayment of bank loans during the Reporting Period.

We rely on capital contributions by the Shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products. 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.

[1] Non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization.

[2] Non-IFRS commercialization profit represents gross profit after deducting (i) selling and distribution expenses; and (ii) charitable donations, which is used to measure the Company's commercialization capability.

Borrowings and Gearing Ratio

As at June 30, 2024, the Group's total borrowing, including interest-bearing bank borrowings, were RMB395.6 million (December 31, 2023: RMB705.9 million). Borrowings of the Group are mainly carried with interest charged at floating rates. For a breakdown of the borrowings of the Group, please refer to the 2024 interim report of the Company to be published in due course.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2024 was 18.3% (December 31, 2023: 28.3%).

Net Current Assets

The Group's net current assets, as at June 30, 2024, were RMB600.8 million, representing a decrease of 25.2% compared to net current assets of RMB802.9 million as at December 31, 2023.

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

As of June 30, 2024, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Material Acquisitions and Disposals

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company.

Capital Expenditure

For the six months ended June 30, 2024, the Group's total capital expenditure amounted to approximately RMB46.2 million, which was used for (i) purchase of items of property, plant and equipment; and (ii) purchase of other intangible assets.

Indebtedness and Charge on Assets

As of June 30, 2024, certain of the Group's loans amounted to RMB265.5 million (December 31, 2023: RMB569.1 million) were secured by mortgages or pledges over our assets. The mortgaged or pledged assets were leasehold lands.

Saved as disclosed above, (i) the Company had no other bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at June 30, 2024.

Contingent Liabilities

As at June 30, 2024, except for the fair value of contingent consideration payable for acquisition of a subsidiary of the total amount of RMB328.0 million (for details, please refer to the announcement of the Company headed "Discloseable Transaction-Acquisition of Equity Interests in Mitraltech and Subscription of Convertible Loan" dated December 8, 2021), we did not have any contingent liabilities.

Further Information in respect of unauthorized loans and pledged deposits

Reference is made to: (i) sections 3 and 4 headed "Unauthorized loans to Jiangsu Wuzhong" and "Unauthorized guarantees to Hangzhou Kuntai" in the announcement of the Company dated February 23, 2024; (ii) the announcement of the Company dated April 16, 2024; (iii) the 2023 Annual Report; (iv) the announcement of the Company dated May 23, 2024; and (v) the announcement of the Company dated August 23, 2024.

As of April 16, 2024, the full amount of the unauthorized pledged deposits provided by the Group of an aggregate of RMB200,000,000 as security in respect of loans to Hangzhou Kuntai, had been released by the relevant bank and further withdrawn by the Company.

As of the date of this announcement, the RMB80,000,000 unauthorized loan to Jiangsu Wuzhong has not been repaid. Venus Medtech (Hong Kong) Limited, a wholly-owned subsidiary of the Company, has submitted application for arbitration against the relevant part(ies) in Hangzhou, Mainland China, to recover the outstanding amount. Further announcements will be made by the Company in due course as and when appropriate.

Other Significant Events

(1) Suspension of Trading on the Stock Exchange

Trading in the Shares on the Main Board of the Stock Exchange has been suspended since 9:00 a.m. (Hong Kong time) on November 23, 2023 and will remain suspended pending the fulfillment of the Resumption Guidance as specified by the Stock Exchange.

(2) Resumption Guidance

As stated in the announcements of the Company dated December 27, 2023 and February 16, 2024, the Stock Exchange has set out the 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.

(3) Progress of Fulfillment of the Resumption Guidance

For the progress of the Company in fulfillment of the Resumption Guidance, please refer to the announcements of the Company published on February 23, 2024, May 23, 2024, June 6, 2024 and August 23, 2024 in accordance with Rule 13.24A of the Listing Rules. The Company will continue to set out the progress in the quarterly update announcements in due course.

Employees and Remuneration Policies

As of June 30, 2024, we had 778 employees in total (June 30, 2023: 1,006).

Among the 778 employees, 652 of our employees are stationed in China, and 126 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 share incentive schemes to our employees, especially for 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.

II. PROSPECTS

In the first half of 2024, both internal and external environments remained complex and challenging, characterized by uncertainties in global geopolitics, a persistently high federal funds rate, and the growing pains of domestic macroeconomic transformation. Against this backdrop, the healthcare industry faced similar pressures of growth. In response to these industry and internal challenges, we are committed to focusing on the field of structural heart diseases, aiming to reduce costs, increase efficiency, and enhance operational capabilities of the Company. In addition, we will protect shareholders' interests with our best efforts, particularly for minority shareholders, and will strive to resume trading as soon as possible.

Looking ahead to the second half of the year, in light of the numerous challenges and opportunities presented by the internal and external environment, the Company may actively implement measures. These measures include, but are not limited to:

1. Continue to reduce costs and enhance operational efficiency to improve gross profit margins, further control expenses, focus on our product pipeline, optimize resource allocation and reduce the utilization of working capital;

2. Strengthen internal controls and optimize the corporate governance structure while maintaining active communication with the Stock Exchange to expedite the fulfillment of all conditions for resumption of trading;

3. Prioritize cash flow management by reducing costs, increasing efficiency, improving profit margins, and enhancing the turnover efficiency of working capital, and may alleviate cash flow pressures by implementing capital operation measures including, but not limited to, disposing of certain long-term assets to recover funds, securing additional bank facilities and issuing financial instruments

Looking ahead, we will continuously drive the long-term sustainable development of the Company through innovation and strategic execution. We believe that through the collective efforts of all employees, propelled by sound management and innovative investments, we will demonstrate increased resilience and competitiveness in the complex and ever-changing market environment. We aim to maintain our industry-leading position and make a greater contribution to the development of the field of structural heart diseases in China.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2024 to the shareholders (six months ended June 30, 2023: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

The Group did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)) during the six months ended June 30, 2024.

As of June 30, 2024, there were no treasury Shares (as defined under the Listing Rules) held by the Company.

Subsequent Events

Save as disclosed in this announcement, the Company is not aware of any material subsequent events from June 30, 2024 to the date of this announcement.

Model Code for Securities Transactions

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. Specific enquiries have been made to all the Directors and Supervisors, and they have confirmed that they have complied with the Company's code of conduct regarding Directors' and Supervisors' securities transactions during the six months ended June 30, 2024.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended June 30, 2024.

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 six months ended June 30, 2024, the Company has complied with the mandatory code provisions in the Corporate Governance Code.

Audit Committee

The Audit committee has two members comprising independent non-executive Directors, being Mr. Chi Wai Suen (chairman) and Mr. Ting Yuk Anthony Wu. 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, including Rule 3.21, as soon as practicable.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended June 30, 2024. The Audit Committee considers that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The auditor of the Company, ZHONGHUI ANDA CPA Limited, has reviewed the unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Results Announcement and Interim Report

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

The interim report containing all the information required by Appendix D2 to the Listing Rules will be despatched to the Shareholders, if necessary, and published on the websites of the Stock Exchange and the Company in due course, respectively.

"ANVISA"	Brazil's National Health Surveillance Agency
"AS"	Aortic Stenosis
"Audit Committee"	the audit committee of the Board
"BGMP"	Brazil Good Manufacture Practice
"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 is a wholly-owned subsidiary of the Target Company
"CE MDR"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CE MDR Marking"	a mark of CE MDR
"CEP"	cerebral embolic protection, the function of the devices designed to capture or deflect embolic traveling to the brain during TAVR procedures in order to protect the supra-aortic vessels from embolic debris
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a limited liability company incorporated in the PRC on July 3, 2009 and converted into a joint stock limited liability company incorporated in the PRC on November 29, 2018, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 2500)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules

"Directors"	the director(s) of the Company
"EU"	the European Union
"FDA"	U.S. Food and Drug Administration
"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" or "we/our/us"	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
"Hangzhou Kuntai"	Hangzhou Kuntai Biotechnology Co., Ltd., a company controlled by Mr. Zi
"Healium"	Healium Medical Ltd, a high-tech company in Israeli
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IDE"	Investigation Device Exemption
"IFRS"	International Financial Reporting Standards
"Jiangsu Wuzhong"	Jiangsu Wuzhong Real Estate Group Co., Ltd.
"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, the anatomic structure through which the left ventricular stroke volume passes towards the aorta
"MDR"	Regulation (EU) 2017/745
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"R&D"	research and development
"RDN"	renal artery denervation
"Reporting Period"	the six months period from January 1, 2024 to June 30, 2024
"RMB"	Renminbi Yuan, the lawful currency of China
"RVOT"	right ventricular outflow tract, an infundibular extension of the ventricular cavity which connects to the pulmonary artery
"RVOTD"	the dysfunction of RVOT
"Shareholder(s)"	holders of shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"Target Company"	Mitraltech Holdings Ltd., a private company incorporated under the laws of Israel
"TAV0"	TAV0 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 open-chest 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
"TPVR"	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in a minimally invasive procedure that does not involve open-chest surgery

"U.S." or "USA"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"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-Pro"	VenusA-Pro System, one of our TAVR products
"VenusA-Valve"	VenusA-Valve System, one of our TAVR product
"VenusP-Valve"	VenusP-Valve System, one of our TPVR product

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

Hangzhou, August 30, 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.