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, 2024

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, 2024 (the "**Reporting Period**"), together with comparative figures for the same period of 2023.

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2024 ***RMB'000***	Year ended December 31, 2023 *RMB'000*	Year on year change
Revenue	**470,833**	491,373	-4.2%
Gross profit	**367,746**	389,205	-5.5%
Loss before tax	**(740,713)**	(735,340)	0.7%
Loss for the year	**(717,373)**	(729,056)	-1.6%
Loss attributable to owners of the parent	**(714,307)**	(703,754)	1.5%
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	**RMB(1.63)**	RMB(1.61)	1.2%
Non-IFRS measures*			
Non-IFRS commercialization profit[1]	**97,670**	45,940	112.6%
Non-IFRS commercialization profit margin[1]	**20.7%**	9.3%	122.6%
Non-IFRS EBITDA[2]	**(621,759)**	(571,978)	8.7%
Adjusted non-IFRS EBITDA[3]	**(253,671)**	(465,959)	-45.6%

* 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.

1 Non-IFRS commercialization profit represents gross profit after deducting (i) selling and distribution expenses; and (ii) charitable donations. Commercialization profit margin represents commercialization profit divided by revenue. These indicators are used to measure the Company's commercialization capability.

2 Non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization (excluding manufacturing costs).

3 Adjusted non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization (excluding manufacturing costs) and non-recurring gains and losses. Non-recurring gains and losses refer to income or losses generated outside of normal business activities, characterized by their incidental and non-continuous nature, and are expected not to have a lasting impact on the performance of future years.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**470,833**	491,373
Cost of sales		**(103,087)**	(102,168)
Gross profit		**367,746**	389,205
Other income and gains	*4*	**38,500**	241,560
Selling and distribution expenses		**(245,066)**	(300,477)
Research and development costs		**(341,185)**	(524,915)
Administrative expenses		**(146,026)**	(153,786)
Other expenses		**(372,440)**	(314,040)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(21,441)**	2,210
Finance costs	*5*	**(16,647)**	(62,716)
Share of losses of:			
A joint venture		**(1,114)**	(1,515)
Associates		**(3,040)**	(10,866)
Loss before tax	*6*	**(740,713)**	(735,340)
Income tax credit	*7*	**23,340**	6,284
Loss for the year		**(717,373)**	(729,056)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**24,213**	16,821
Reclassification of foreign currency translation reserve upon deconsolidation of subsidiaries		**(2,940)**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**21,273**	16,821

	Note	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive (loss)/income 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		**(16,359)**	254
Income tax effect		**352**	(42)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(16,007)**	212
Other comprehensive income for the year, net of tax		**5,266**	17,033
Total comprehensive loss for the year		**(712,107)**	(712,023)
Loss attributable to:			
– Owners of the parent		**(714,307)**	(703,754)
– Non-controlling interests		**(3,066)**	(25,302)
		(717,373)	(729,056)
Total comprehensive loss attributable to:			
– Owners of the parent		**(709,549)**	(687,274)
– Non-controlling interests		**(2,558)**	(24,749)
		(712,107)	(712,023)
Loss per share			
Attributable to ordinary equity holders of the parent			
– Basic and diluted (RMB)	*9*	**(1.63)**	(1.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**405,372**	543,372
Right-of-use assets		**116,738**	150,096
Goodwill		**1,039,641**	1,024,354
Other intangible assets		**439,718**	551,022
Investment in a joint venture		**3,740**	4,793
Investment in associates		**58,390**	60,554
Deferred tax assets		**24,471**	17,660
Equity investments designated at fair value through other comprehensive income		**–**	16,269
Financial assets at fair value through profit or loss		**352,461**	428,380
Prepayments, other receivables and other assets		**6,759**	9,147
Total non-current assets		**2,447,290**	2,805,647
Current assets			
Inventories		**98,061**	112,942
Trade receivables	*10*	**198,567**	290,607
Prepayments, other receivables and other assets		**70,582**	105,066
Loans to former directors and a former director's controlled entity		**108,567**	106,167
Pledged deposit		**21,001**	211,649
Short-term bank deposit		**7,666**	7,240
Cash and cash equivalents		**298,036**	774,396
Total current assets		**802,480**	1,608,067

	Notes	2024 *RMB'000*	2023 *RMB'000*
Current liabilities			
Trade payables	*11*	**30,229**	33,855
Lease liabilities		**38,591**	37,722
Other payables and accruals		**272,144**	244,914
Interest-bearing bank borrowings	*12*	**17,518**	456,978
Government grants		**2,560**	700
Contract liabilities		**649**	28,842
Tax payable		**58**	2,157
Total current liabilities		**361,749**	805,168
Net current assets		**440,731**	802,899
Total assets less current liabilities		**2,888,021**	3,608,546
Non-current liabilities			
Interest-bearing bank borrowings	*12*	**265,455**	248,929
Other payables and accruals		**363,942**	338,308
Lease liabilities		**47,525**	82,557
Deferred tax liabilities		**–**	17,776
Government grants		**–**	1,630
Total non-current liabilities		**676,922**	689,200
Net assets		**2,211,099**	2,919,346
EQUITY			
Equity attributable to owners of the parent			
Share capital		**441,012**	441,012
Reserves		**1,770,087**	2,479,636
		2,211,099	2,920,648
Non-controlling interests		**–**	(1,302)
Total equity		**2,211,099**	2,919,346

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 year, the Group was principally engaged in the research and development, and the manufacture 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") 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 APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards; International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The application of these new and revised IFRS Accounting Standards will not have material impact on the financial statements of the Group.

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 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

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**388,327**	418,699
Others	**82,506**	72,674
	470,833	491,373

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**496,239**	726,200
Israel	**1,489,533**	1,527,002
Hong Kong	**58,390**	60,554
United States of America ("**USA**")	**24,495**	26,900
Netherlands ("**NL**")	**460**	490
	2,069,117	2,341,146

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

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year (2023: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**470,833**	491,373

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**388,327**	418,699
Others	**82,506**	72,674
Total revenue from contracts with customers	**470,833**	491,373
Timing of revenue recognition		
Goods transferred at a point in time	**470,833**	491,373

(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:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**649**	28,842

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.

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**7,950**	21,290
Other interest income	**2,400**	13,167
Government grants *(note(a))*	**17,934**	18,894
Others	**5,715**	4,076
	33,999	57,427
Gains		
Fair value adjustments of contingent considerations	**–**	160,586
Fair value gain on a derivative financial instrument	**–**	21,288
Gain on deconsolidation of a subsidiary	**3,621**	–
Foreign exchange gains, net	**880**	2,259
	4,501	184,133
	38,500	241,560

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. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**20,472**	58,623
Interest on lease liabilities	**7,012**	9,654
Total interest expense	**27,484**	68,277
Less: Interest capitalised	**(10,837)**	(5,561)
	16,647	62,716

6. LOSS BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**89,897**	76,260
Research and development costs	**256,517**	447,026
Depreciation of property, plant and equipment	**24,672**	35,623
Depreciation of right-of-use assets	**36,580**	35,792
Amortisation of other intangible assets	**49,857**	53,372
Impairment of/(reversal of impairment of) trade receivables, net	**1,091**	(1,428)
Impairment of/(reversal of impairment of) other receivables	**20,350**	(782)
Impairment of property, plant and equipment	**125,960**	–
Write-down of inventories to net realisable value	**15,472**	17,636
Impairment of other intangible assets	**62,026**	17,518
Impairment of goodwill	**–**	231,262
Auditor's remuneration	**3,689**	5,725
Loss on disposal of items of property, plant and equipment, net	**87**	1,265
Expense relating to short term leases	**1,190**	2,432
Fair value loss/(gains), net:		
Financial assets at fair value through profit or loss		
–mandatorily classified as such	**81,006**	(21,288)
Fair value adjustments of contingent considerations	**32,774**	(160,586)

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 in December 2024, and was entitled to a preferential tax rate of 15% during the year (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 year 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.

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (2023: 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% (2023: 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% (2023: 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 19% (2023: up to 19%) on the taxable income arising in the NL during the year.

Germany

Pursuant to the relevant tax laws of Germany, the corporate income tax was levied at 16% (2023: N/A) on the taxable income arising in Germany during the year.

The income tax credit of the Group during the year is analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Current-PRC		
Charge for the year	**377**	160
Current-USA		
Charge for the year	**194**	11
Current-NL		
Charge for the year	**377**	422
Deferred tax credit	**(24,288)**	(6,877)
	(23,340)	(6,284)

8. DIVIDEND

No dividend has been paid or declared by the Company during the year (2023: Nil).

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic loss per share is based on:

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(714,307)**	(703,754)

	Number of shares	
	2024	2023
Shares		
Weighted average number of shares in issue during the year	**437,897,443**	437,897,443

10. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**211,328**	302,277
Impairment	**(12,761)**	(11,670)
	198,567	290,607

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:

	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**144,726**	201,096
7 to 12 months	**28,956**	61,509
1 to 2 years	**20,522**	24,839
Over 2 years	**4,363**	3,163
	198,567	290,607

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**11,670**	13,098
Impairment losses (reversal of impairment losses), net *(note 6)*	**1,091**	(1,428)
	12,761	11,670

11. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**27,496**	33,420
3 to 6 months	**1,573**	32
6 to 12 months	**725**	1
Over 12 months	**435**	402
	30,229	33,855

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

12. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2024 *RMB'000*	2023 *RMB'000*
Current				
Floating interest rate:				
Bank loans – unsecured	1-year LPR* plus 0.25%	2025	**17,518**	–
Bank loan – secured				
Current portion of long-term bank loan US$45,000,000 bank loan	LIBOR* plus 1.65%	2024	**–**	320,144
Bank loans – unsecured	1-year LPR* plus 0.40%	2024	**–**	100,113
Bank loans – unsecured	1-year LPR* plus 0.20%	2024	**–**	29,721
Fixed interest rate:				
Bank loans – unsecured	3.30%	2024	**–**	7,000
			17,518	456,978
Non-current				
Floating interest rate:				
Bank loans – secured	5-year LPR* minus 0.10%	2026-2036	**180,909**	170,720
Bank loans – secured	5-year LPR* minus 0.15%	2026-2037	**84,546**	78,209
			265,455	248,929
			282,973	705,907

* Loan Prime Rate in Mainland China ("**LPR**") and London Interbank Offered Rate ("**LIBOR**")

I. BUSINESS OVERVIEW

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 transcatheter aortic valve replacement (TAVR), transcatheter pulmonary valve replacement (TPVR), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other procedural accessories, allowing us to provide overall solutions for physicians 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. The Company's first self-developed self-expanding dry tissue valve TAVR product, Venus-PowerX, first self-developed balloon-expandable dry-tissue TAVR product, Venus-Vitae, and the pulmonary valve product, VenusP-Valve, have successively commenced clinical trials, 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.

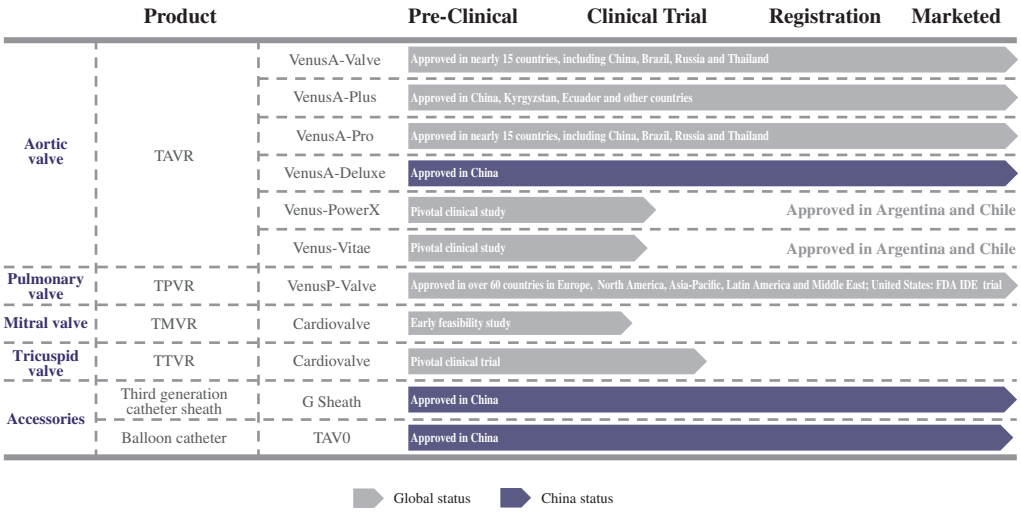
The Company adheres to the "profit-making" strategy, with commercialization centered on the goal of profit maximization, continuously integrating internal resources, improving overall synergy efficiency, and enhancing market marginal contribution. As of December 31, 2024, the commercialization profit margin of the Company increased from 9.3% for the year ended December 31, 2023 to 20.7% for the year ended December 31, 2024. We continuously expanded sales channels, gradually promoted the transformation of sales models, strengthened the construction of the sales team, deeply explored the commercial potential of products, and provided high-quality treatment solutions for more patients. As of the end of the Reporting Period, the Company maintained the leading position in the domestic TAVR market, covering over 650 hospitals. In terms of overseas operations, the Company has further enhanced its international influence through a continuously improving global sales network and the differentiated product positioning of VenusP-Valve, supported by long-term safety and effective clinical data. Overseas revenues, primarily driven by the VenusP-Valve product, reached RMB82.5 million, representing a year-on-year growth of 13.5%, with the proportion of overseas revenue rising to 17.5%. The Company expanded into 13 new commercialized countries during the year, now covering over 60 countries including 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.

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 field of heart valve diseases.

Interventional treatment of heart valve diseases is our core therapeutic area. The Company has four commercialized TAVR products (VenusA-Valve, VenusA-Plus, VenusA-Pro and VenusA-Deluxe), one TPVR product (VenusP-Valve) and two transcatheter procedural accessories (expandable catheter sheath product (G Sheath) and balloon catheter (TAV0)). Our products currently in clinical trials include next-generation TAVR products (Venus-PowerX and Venus-Vitae), one innovative medical device Cardiovalve which can be used for both TMVR and TTVR, and the TPVR product (VenusP-Valve).

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 four marketed TAVR products, namely, VenusA-Valve, VenusA-Plus, VenusA-Pro and Venus-Deluxe. VenusA-Valve received approval for registration from the NMPA in April 2017, which marked the first transcatheter artificial aortic valve replacement (TAVR) product approved by NMPA for commercialization in China. VenusA-Plus received approval for registration from the NMPA in November 2020, which was 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 received approval for registration from the NMPA in May 2022, as an upgraded version of VenusA-Plus. It 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. VenusA-Deluxe received approval for registration from the NMPA in November 2024, as the latest generation TAVR product. It builds on previous products by further optimizing and upgrading the delivery system, adding a new feature for real-time tracking of delivery system tension adjustment under imaging, aiding in precise valve deployment. It aligns the axial imaging markers for commissure alignment, fully protecting the coronary arteries; the stepwise compression of the valve effectively reduces the incidence of folding during the valve loading phase. 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, as the first TAVR product launched in China, the Company has continued to carry out its registered clinical long-term follow-up study. At the 26th Cardiovascular Annual Conference of the Chinese Medical Association (CSC2024), the nine-year follow-up results of VenusA-Valve were released. As the only TAVR product in China with nine years of long-term follow-up, its cardiac mortality is less than 20%, and the patient's peak flow velocity, mean transvalvular pressure gradient and left ventricular outflow fraction all remain stable. The longest follow-up patient has completed a twelve-year postoperative follow-up, and the valve function is normal, proving the mid-to-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 with native RVOT. As the first TPVR product approved in China, VenusP-Valve filled the gap in clinical demands in China.

With its excellent clinical performance, the safety and effectiveness of VenusP-Valve have been highly recognized by experts and physicians worldwide. In September 2024, the five-year follow-up data of the international multicenter clinical study on VenusP-Valve was announced at the international conference PICS, showing "0" patient deaths or reoperations, confirming long-term survival benefits. In terms of effectiveness, six months after the implantation of VenusP-Valve, MRI confirmed the reversal of right ventricular remodeling and significant improvement in right ventricular function, which was sustained; during the five-year follow-up period, pulmonary hemodynamics remained favorable, with only one case (1.3%) developing into moderate or greater pulmonary regurgitation two years post-procedure, with "0" new cases added to moderate or greater regurgitation patients; "0" perivalvular leaks, and the transvalvular pressure gradient remained stable. In terms of improving patients' quality of life, during the five-year follow-up period after procedure, more than 94% of the patients were classified as NYHA Class I/II. 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 eleven 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 US 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-PowerX – New Generation TAVR Product

Venus-PowerX, our first self-developed self-expanding dry-tissue TAVR product, is in China and 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, 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 eliminate the stress on the valve during deployment, ensuring a more stable and precise release. It can still be 100% fully retrieved after complete release, offering greater safety compared to existing retrievable valves. 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 promote the clinical research of Venus-PowerX to strive for its early approval in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-POWERX SUCCESSFULLY (EXCEPT FOR ARGENTINA AND CHILE).

Venus-Vitae – New Generation TAVR Product

The Venus-Vitae, our first self-developed balloon-expandable dry-tissue TAVR product, is at 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 promote the clinical research of Venus-Vitae, striving for its early approval for marketing in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-VITAE SUCCESSFULLY (EXCEPT FOR ARGENTINA AND CHILE).

Cardiovalve – TMVR/TTVR Product

Cardiovalve, a wholly-owned subsidiary of the Company, has independently developed mitral valve and tricuspid valve replacement products. For cardiovalve, we are in pivotal clinical trial for the treatment of patients with tricuspid regurgitation in Europe and we are in feasibility study stage for the treatment of patients with mitral 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 annular, up to 55 mm, is suitable for about 95% of the patient population. Meanwhile, its unique short frame design lowers the risk of LVOT obstruction. Cardiovalve is easy to operate, safe, highly repeatable, and can be completed in three steps: positioning, anchoring and release.

The clinical trial progress of Cardiovalve is steadily advancing. The pivotal clinical study of Target CE in Europe is currently being conducted at over 30 renowned cardiovascular centers in countries such as Germany, Italy, Spain, the United Kingdom and Canada. As of the end of the Reporting Period, nearly 120 patients have been enrolled. The latest immediate clinical data of first 105 patients from the Target CE European pivotal clinical study was announced at the London Valves 2024. The tricuspid regurgitation in 93.7% patients was reduced to mild or less. At the CSI 2024 in Frankfurt, Germany, compassinate use clinical data for early tricuspid valve replacement with Cardiovalve was officially disclosed. The data revealed that among 20 patients with 100% severe and above 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 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.

R&D Innovation

In the broad market of structural heart diseases, the Company is committed to solving clinical pain points, maintaining 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 this field. 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.

Innovation is the core driving force of the Company. The Company consistently adheres to a clinical demand-oriented approach, continuously advancing the iterative upgrading of interventional heart valve products lines through deep collaboration with universities, research institutions, as well as internal innovation synergy, while actively exploring platform-based technologies for future valve optimization. The Company relies on its three R&D centers located in Hangzhou, China, Tel Aviv, Israel and Irvine, California, USA, fully leveraging the advantages of each region to form an efficient and collaborative global R&D network, providing strong technical support for the update and expansion of the product line. During the Reporting Period, the Company made significant progress in the field of R&D. As a core participant in 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", the Company facilitated the successful passing of the mid-term inspection and acceptance of the project. To further enhance innovation efficiency, the Company has optimized and upgraded its innovation strategy, transitioning from internal innovation to internal and external collaborative innovation. The Company has officially established a business development department to actively expand cooperation with third parties in the field of interventional treatment for structural heart diseases. Through various models such as commercialization cooperation, channel cooperation, and product acquisition, the Company accelerates the introduction of innovative technologies and products, further enriching its product pipeline and enhancing market competitiveness.

For the years ended December 31, 2024 and 2023, our R&D costs were RMB341.2 million and RMB524.9 million, respectively.

Intellectual Properties

The Company attaches great importance to intellectual property protection. Leveraging its strong R&D capability, as of December 31, 2024, the Company had a total of 886 patents and patents under applications, including 473 authorized invention patents. We had 402 patents under application and authorized in the PRC, including 275 authorized patents, and 460 patents under application and authorized overseas, including 435 authorized patents. We had 24 PCT applications. Our global patents portfolio mainly covers China, the U.S. and Europe, as well as other countries and regions.

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

We have a clean production zone of approximately 3,500 square meters 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.

Quality system

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 BGMP 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 and sales, so as to ensure the quality of products. In addition, the Company has also established a digital and refined quality management 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. Currently, information systems such as PLM (Product Lifecycle Management System), EBS (Enterprise Business Suite), WMS (Warehouse Management System), LIMS (Laboratory Information Management System), MES (Manufacturing Execution System), and ECS (Supplier/Customer Management) have been established.

Commercialization

2024 is a critical year for the Company to implement its strategy of commercial profitization. In the face of uncertain external environments and changing medical policies, the management of the Company consistently adheres to a clear and firm strategic judgment that only by achieving quality growth and continuously generating profits can the Company progress more steadily, further and better, thereby continuously creating exceptional value for shareholders, customers and society. The Company's commercialization focuses on profit maximization, integrating internal resources to enhance overall synergy efficiency and increase market marginal contribution. As of December 31, 2024, the Company's commercialization profit margin increased from 9.3% for the year ended December 31, 2023 to 20.7% for the year ended December 31, 2024. This improvement will facilitate the Company in further enhancing commercialization efficiency and strengthening overall profitability to continuously create greater long-term value.

For domestic business segment, the Company actively adapted to industry development trends and promoted the transformation of the sales and promotion model step by step, gradually shifting from quasi-direct sales to a promotion model combining key account management and distributor management. On the one hand, the Company focused on leading hospitals, implemented a key account management strategy, and established long-term stable and in-depth cooperative relationships with leading hospitals through excellent products and professional sales services. On the other hand, the Company placed importance on the development of distributor channels, will vigorously develop distributor partnerships and actively explore secondary markets to expand market coverage. By providing distributors with professional products, technical services and training support, the Company achieved coordinated sales with distributors, effectively promoted product sales, further reduced the sales expense ratio, and optimized the sales expense structure. At the same time, the Company strengthened accounts receivable management, gradually shortening the sales collection period and significantly improving the turnover rate of accounts receivable. Measures such as strengthening the collection of existing accounts receivable and optimizing credit policies will be implemented to enhance the robustness of the Company's financial operations.

The Company has a commercialization team with industry background, extensive market experience and professional competence 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. During the Reporting Period, the Company covered more than 650 hospitals. 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 2024, the Company participated in over 90 third-party conferences and hosted more than 100 conferences of its own, covering more than 5,500 experts and attracting 2,000,000 visitors. As the only company in the market with four 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.

In the field of overseas marketing, we actively responded to global market challenges by optimizing internal marketing organizational structures and integrating overseas market resources, continuously deepening our presence in the European market, further expanding into emerging overseas markets, and constantly improving the layout of our global marketing network. The Company, leveraging its professional overseas marketing team, stable and reliable overseas marketing network, supply chain system and localized market operation strategy, has achieved continuous rapid penetration and sales growth of its products in the overseas market.

The Company is committed to building a globalized marketing team with high efficiency, synergy and in-depth integration. Both domestic and overseas marketing teams performed their duties and maintain close coordination, gradually breaking regional boundaries to develop a strong market expansion force. Through sharing resource and experience, and strategic coordination, domestic and overseas teams achieved deep integration in brand promotion, market penetration, and customer service, providing a solid foundation for the global layout of the Company. Meanwhile, the Company actively promoted academic exchanges and the sharing of procedural techniques among domestic and overseas clinicians, assisting Chinese physicians in "going global", particularly in conducting multi-level and multi-dimensional academic cooperation and procedural guidance in countries along the "Belt and Road". During the Reporting Period, the Company successfully organized multiple international academic exchange events, not only enhancing the international influence of Chinese physicians, but also contributing Chinese insights and solutions to developing the field of global structural heart diseases.

During the Reporting Period, overseas revenue of the Company achieved steady growth, with revenue reaching RMB82.5 million, representing an increase of 13.5% over the same period in 2023. Profit levels have also improved accordingly. The Company's products have entered over 60 countries and regions overseas, including Europe, the Middle East, Asia-Pacific, North America, and Latin America. A total of 13 new countries were covered throughout the year, including Canada, Australia, India, Russia, Singapore and Mexico. To enhance the Company's visibility and recognition in the international market, the Company participated in 24 international conferences in the cardiovascular interventional medicine industry, such as EuroPCR 2024, CSI2024, PICS2024 and PCR London Valves 2024, among other renowned international academic conferences. At the PICS2024 conference, the five-year follow-up data of the pulmonary valve product VenusP-Valve in Europe was released, attracting the attention and recognition of international doctors. In addition, the Company organized over ten self-hosted overseas conferences, attracting cardiovascular experts and doctors from various countries around the world to participate in exchanges. Through these academic activities, connections with international experts were established, effectively enhancing the recognition of the products among overseas physicians and continuously expanding the Company's international brand awareness and influence.

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. Since its commercialization in August 2017, VenusA-Valve series products have comprised the major portion of our revenue, and are expected 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 year ended December 31, 2024 was RMB470.8 million, representing a decrease of 4.2% compared to RMB491.4 million for the year ended December 31, 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 procedure 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:

	Year ended December 31, 2024		Year ended December 31, 2023	
Revenue	***RMB'000***	**Proportion**	*RMB'000*	Proportion
VenusA series products	**379,793**	**80.7%**	409,747	83.4%
VenusP-Valve	**87,159**	**18.5%**	76,431	15.6%
Others	**3,881**	**0.8%**	5,195	1.0%
Total	**470,833**	**100%**	491,373	100%

Cost of Sales

The 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 year ended December 31, 2024 was RMB103.1 million, representing an increase of 0.9% compared to RMB102.2 million for the year ended December 31, 2023. The Group will further enhance profitability by continuously optimizing the cost structure and improving production efficiency.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group deceased by 5.5% from RMB389.2 million for the year ended December 31, 2023 to RMB367.7 million for the year ended December 31, 2024. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 79.2% for the year ended December 31, 2023 to 78.1% for the year ended December 31, 2024. The gross profit margin level remained relatively stable, with a slight decrease mainly related to a decline in product unit prices.

Other Income and Gains

The Group's other income and gains for the year ended December 31, 2024 was RMB38.5 million, representing a decrease of 84.1% compared to RMB241.6 million for the year ended December 31, 2023, primarily attributable to the fair value adjustment of contingent consideration payables related to the acquisition of Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司) ("**Nuocheng**"), which were not required to be settled based on the acquisition agreement signed with Nuocheng in the previous year, with no related matters this year.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended December 31, 2024 was RMB245.1 million, representing a decrease of 18.4% compared to RMB300.5 million for the year ended December 31, 2023. The Company adhered to the "profit-making" strategy, implemented cost reduction and efficiency enhancement measures, improved overall synergy efficiency, continuously integrated internal resources with the goal of profitability, and enhanced market marginal contribution.

R&D Costs

The Group's R&D costs for the year ended December 31, 2024 was RMB341.2 million, representing a decrease of 35.0% compared to RMB524.9 million for the year ended December 31, 2023. The change was 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:

	Year ended December 31, 2024 ***(RMB'000)***	Year ended December 31, 2023 *(RMB'000)*
Staff costs	**112,631**	154,754
Raw material costs	**56,379**	110,739
R&D service expenses	**32,151**	58,239
Intellectual property expenses	**12,990**	34,240
Clinical trial expenses	**28,547**	41,994
Depreciation and amortization	**84,668**	77,889
Others	**13,819**	47,060
	341,185	524,915

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2024 was RMB146.0 million, representing a decrease of 5.1% compared to RMB153.8 million for the year ended December 31, 2023. The Group implemented strict cost control measures, leading to a significant decrease in administrative expenses. However, the one-off expenses related to Forensic Investigation and resumption of trading incurred during the suspension period offset the related savings, resulting in only a slight decrease in administrative expenses for the year.

Other Expenses

The Group's other expenses for the year ended December 31, 2024 was RMB372.4 million, representing an increase of 18.6% compared to RMB314.0 million for the year ended December 31, 2023. It was primarily due to the Group's provision for asset impairment on historical investments such as investment in Opus Medical Therapies, LLC ("**Opus**"), intangible assets of Hangzhou Nuocheng Medical Technology Co., Ltd. (杭州諾誠醫療科技有限公司) ("**Nuocheng**"), and Venus Medtech Life and Health Industrial Park ("**Industrial Park**"). For more details, please refer to the section headed "Impairment" of this announcement and the 2024 annual report of the Company to be published in due course.

Impairment

Financial instruments measured at fair value

During the year ended December 31, 2024, the Group conducted an impairment test on the convertible bonds of Opus and equity investments held.

Opus is an innovative medical device company focused on developing transcatheter mitral valve replacement and transcatheter tricuspid valve replacement (TMVR/TTVR) products. In May 2020, the Group reached a cooperation agreement with Opus to jointly develop, manufacture, and sell TMVR and TTVR products in the Greater China. The Group invested in convertible bonds of US$4.0 million and equity interests of US$1.0 million in April 2020, respectively, and further invested in convertible bonds of US$5.0 million and equity interests of US$1.0 million in March 2021.

Although Opus has made some progress in research and development and clinical stages, its cash flow remains under pressure. For the year ended December 31, 2024, both convertible bonds invested by the Group (with a total carrying value of US$9.0 million) have matured and unable to repaid the principal and interest to the Group. Based on management's review of Opus's latest financial statements and discussions with Hangzhou PG Advisory Co., Ltd. (杭州樸谷企業管理諮詢有限公司) ("**PG**"), an independent third-party valuer, given the significant uncertainty regarding Opus's ability to continue as a going concern, the Group considers the fair value of its equity interest and convertible bonds in Opus to be zero.

For the year ended December 31, 2024, the Group recognized a full impairment loss on financial assets related to Opus, with RMB73.6 million included in the profit and loss statement and RMB16.4 million included in other comprehensive income.

Intangible assets

For the year ended December 31, 2024, given that Nuochenga's business has ceased operations for more than twelve months and there are no subsequent research and development plans, the relevant patented technologies can neither be applied to the existing product pipelines nor disposed of through market transfer. Based on the above circumstances and with reference to the professional assessment opinion of the independent valuer, PG, the Group has fully recognized impairment losses on such intangible assets of RMB62.0 million (2023: RMB15.8 million), thereby reducing its carrying amount to zero.

Long-term assets

For the year ended December 31, 2024, the Group implemented strategic adjustments to focus on the core business of heart valves, gradually suspended the investment in the Venus Medtech Life and Health Industrial Park ("**Industrial Park**") project located in Binjiang District from the second half of the year, and planned to conduct asset divestiture. In view of the current changes in the real estate market environment, the recoverable amount is expected to be lower than the carrying amount, indicating significant impairment signs.

The management of the Group, based on the principle of prudence and with reference to the opinion of the independent valuer, PG, and comparable market transaction data, adopted the hypothetical development method to estimate the recoverable amount of the industrial park (excluding value-added tax) to be approximately RMB338.2 million. The carrying value of the project as at the end of the Reporting Period was RMB464.2 million (mainly including construction in progress and land use rights). Accordingly, impairment loss of RMB126.0 million relating to construction in progress was recognized and included in other expenses in the consolidated statement of profit or loss in the current year. For further details, please refer to the 2024 annual report of the Company to be published in due course.

Impairment Losses on Financial Assets, Net

The Group's accrued impairment losses on financial assets, net, for the year ended December 31, 2024 was RMB21.4 million, representing an increase of RMB23.6 million compared to the reversal on impairment losses on financial assets, net, of RMB2.2 million, for the year ended December 31, 2023. The change was primarily attributable to the provision for impairment allowance on individual other receivables with lower likelihood of recovery.

Finance Costs

The Group's finance costs for the year ended December 31, 2024 was RMB16.6 million, representing a decrease of 73.5% compared to RMB62.7 million for the year ended December 31, 2023. The decrease was primarily attributable to the decrease in interest expenses as a result of the repayment of bank loans by the Group during the Reporting Period.

Share of Loss in Investments in Associates and Joint Ventures Accounted for Using the Equity Method

For the year ended December 31, 2024, the Group's share of loss in investments in associates and joint ventures accounted for using the equity method was RMB4.2 million, representing a decrease of 66.1% from share of loss of RMB12.4 million for the year ended December 31, 2023, which was primarily attributable to changes in losses recorded by our investees during the Reporting Period.

Income Tax

The Group's income tax credit for the year ended December 31, 2024 was RMB23.3 million, representing an increase of 269.8% compared to the income tax credit of RMB6.3 million for the year ended December 31, 2023. The change in tax credit recorded during the Reporting Period was related to deferred tax recognized in profit or loss (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, commercialization profit margin, EBITDA and adjusted 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 commercialization profit to gross profit for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**470,833**	491,373
Cost of sales	**(103,087)**	(102,168)
Gross profit	**367,746**	389,205
Add/(less):		
Selling and distribution expenses	**(245,066)**	(300,477)
Other expenses		
Including: charitable donations	**(25,010)**	(42,788)
Non-IFRS commercialization profit[1]	**97,670**	45,940
Non-IFRS commercialization profit margin[2]	**20.7%**	9.3%

[1] Non-IFRS commercialization profit represents gross profit after deducting (i) selling and distribution expenses; and (ii) charitable donations.

[2] Non-IFRS commercialization profit represents commercialization profit divided by revenue, which is used to measure the Company's commercialization capability.

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

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(740,713)**	(735,340)
Finance costs	**16,647**	62,716
Depreciation and amortization	**102,307**	100,646
Non-IFRS EBITDA[1]	**(621,759)**	(571,978)
Non-recurring gains and losses[2]:		
Impairment on financial assets	**73,645**	–
Impairment on intangible assets and goodwill	**62,026**	248,780
Changes in the fair value of financial assets and contingent liabilities	**40,135**	(181,874)
Asset impairment and termination compensation related to Industrial Park	**152,718**	–
Share of loss in investments in associates and joint ventures accounted for using the equity method	**4,154**	12,381
Expenses related to litigation, investigation, and resumption of trading	**35,410**	26,732
Adjusted non-IFRS EBITDA[3]	**(253,671)**	(465,959)

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

[2] The non-recurring gains and losses recorded during the year are income or losses generated outside of normal business activities, characterized by their incidental and non-continuous nature, and are expected not to have a lasting impact on the performance of future years. These matters primarily stem from the impairment of financial assets, impairment of intangible assets and goodwill, changes in fair value of financial assets and contingent liabilities, impairment of Industrial Park, and termination compensation, share of loss in associates and joint ventures, as well as expenses related to resumption of trading.

[3] Adjusted non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization (excluding manufacturing costs) and non-recurring gains and losses.

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, 2024 were RMB298.0 million, representing a decrease of 61.5% compared to RMB774.4 million for the year ended December 31, 2023. The decrease was primarily attributable to the repayment of bank borrowings and related daily operating expenses 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.

Borrowings and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2024 were RMB283.0 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 Note 12 to the Financial Statements in this announcement.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2024 was 16.7% (December 31, 2023: 28.3%).

Net Current Assets

The Group's net current assets, as at December 31, 2024 were RMB440.7 million, representing a decrease of 45.1% 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 at December 31, 2024, we did not hold any significant investment (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 year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB41.6 million, which was used in (i) purchase of items of property, plant and equipment; and (ii) purchase of other intangible assets.

Indebtedness and Charge on Assets

As of December 31, 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 land.

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 December 31, 2024.

Contingent Liabilities

As at December 31, 2024, except for the fair value of contingent consideration payable for acquisition of a subsidiary of the total amount of RMB363.9 million (for details, please refer to the announcement of the Company headed "Discloseable Transaction-Acquisition of Equity Interests in Mitraltech (formerly known as "**Cardiovalve**") and Subscription of Convertible Loan" dated December 8, 2021), we did not have any contingent liabilities.

Further Information in respect of the 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; (v) the announcement of the Company dated August 23, 2024; (vi) the announcement of the Company dated November 22, 2024; (vii) the announcement of the Company dated January 13, 2025; and (viii) the announcement of the Company dated March 12, 2025.

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 unauthorized loan of RMB80,000,000 to Jiangsu Wuzhong has not been repaid. On March 26, 2025, the Company received the arbitration award from Hangzhou Arbitration Commission, which is in favor of the Company's requests. The Company will initiate the enforcement procedures in accordance with the law.

Employees and Remuneration Policies

As of December 31, 2024, we had 691 employees in total (December 31, 2023: 865).

Among the 691 employees, 596 of our employees are stationed in China, and 95 of our employees are stationed overseas primarily in the Israel, U.S. and Europe. 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, and are intending to implement the share incentive scheme.

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 limited to internal funds, equity financing and bank loans.

III. PROSPECTS

In 2024, the Group faced a complex and severe internal and external environment. Externally, global geopolitical uncertainties, high federal funds rates, and the domestic macroeconomic transition phase overlapped, exerting growth pressure on the healthcare industry as well. In terms of internal factors, the Group was suspended from trading for the entire year, which posed significant challenges and pressures on the development of various aspects of the Group's business. Facing numerous challenges from the macro environment, industry, and within the Group itself, the Group has implemented a series of cost reduction and efficiency enhancement measures to improve operational capabilities, while maintaining its leading position in the domestic structural heart disease industry.

Looking ahead to 2025, facing numerous challenges and opportunities, the Group may adopt the following strategies, including but not limited to, to actively respond:

1. We will focus on the core valve business of "Four-Valve Integration" and gradually divest non-core businesses.

2. In terms of the valve business, we will pursue commercialization profits, further implement cost reduction and efficiency enhancement measures, and strive to significantly reduce losses.

3. Considering the Group's cash flow situation, it will reprioritize the clinical progress of its product pipeline while further exploring overseas sales models that align with its development stage.

4. The Group will leverage its established sales platform to introduce synergistic product pipelines in the field of structural heart disease.

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

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 Reporting Period, the Company has complied with the mandatory code provisions in 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 C3 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, 2024.

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, 2024.

Purchase, Sale or Redemption of 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 year ended December 31, 2024.

As of December 31, 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

Use of Proceeds

(i) 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 initial global offering and exercise of the over-allotment option).

Reference is made to the announcement of the Company dated January 13, 2025. The unutilized proceeds from the initial global offering of RMB201.19 million which was originally planned to fund the payment of contingent consideration and other transaction expenses related to the acquisition of Keystone have been reallocated for working capital and other general corporate purposes.

For details of the movement of the use of proceeds for the two years ended December 31, 2024, please refer to the 2024 annual report of the Company to be published in due course.

(ii) Use of Proceeds from the September 2020 Placing

The net proceeds received by the Company from the placing of an aggregate of 18,500,000 new H Shares in September 2020 were approximately HK$1,173.0 million (equivalent to RMB1,034.01 million) (after deducting the expenses of the placing).

For details of the movement of the use of proceeds for the two years ended December 31, 2024, please refer to the 2024 annual report of the Company to be published in due course.

(iii) Use of Proceeds from the January 2021 Placing

The net proceeds received by the Company from the January 2021 Placing were approximately HK$1,427 million (equivalent to RMB1,191.00 million) after deducting the expenses of the placing. Pursuant to the announcement made by the Company on March 14, 2022, the Company changed the use of proceeds from the January 2021 Placing and as at March 14, 2022, the unutilized proceeds from the January 2021 Placing amounted to approximately RMB986.81 million.

For details of the movement of the use of proceeds for the two years ended December 31, 2024, please refer to the 2024 annual report of the Company to be published in due course.

Audit Committee

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

The Audit Committee has reviewed the Group's financial information for the year ended December 31, 2024 and has met with the Group's independent auditor, ZHONGHUI ANDA CPA Limited. 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.

Scope of Work of ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("**Zhonghui Anda**"), to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Zhonghui Anda on the preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

SUBSEQUENT EVENTS

Resumption of trading

Subsequent to the end of the Reporting Period, the Group resumed trading in the shares of the Company on the Stock Exchange with effect from March 13, 2025. For details of the fulfillment of the Resumption Guidance, please refer to the announcement of the Company dated March 12, 2025.

Proposed issue of convertible bonds

Reference is made to the Company's announcement on March 20, 2025. The Company entered into the subscription agreement with the subscriber, pursuant to which the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds up to an aggregate principal amount not exceeding RMB200,000,000 at the initial conversion price of HK$4.50 per conversion share. Completion of the issue and subscription of the bonds is subject to the satisfaction and/or waiver of the conditions precedent set out in the subscription agreement.

Save as disclosed above and in the section headed "Further Information in respect of the unauthorized loans and pledged deposits" in this announcement, there have been no other material subsequent events following the end of the Reporting Period up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The H share register of members of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025, 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 Friday, June 27, 2025. The record date for determining the entitlement of the holder of H shares to attend and vote at the AGM will be Friday, June 27, 2025. 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 Monday, June 23, 2025.

ANNUAL GENERAL MEETING

A circular containing more details of the 2024 annual general meeting will be despatched to the Shareholders, if necessary, and published on the websites of the Stock Exchange and the Company in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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, 2024 of the Company containing all the information required by 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.

DEFINITIONS

"AGM"	annual general meeting of the Company to be held on Friday, June 27, 2025
"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 is a wholly-owned subsidiary of the Target Company
"CE MDR"	a certificate that indicates conformity with health, safety, and environmental protection standards for products sold within the Europe Economic Area, as regulated under the Europe Medical Device Regulation
"CE MDR Marking"	a mark of CE MDR
"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
"Director(s)"	the director(s) of the Company
"EU"	the European Union
"FDA"	U.S. Food and Drug Administration
"Forensic Investigation"	has the meaning ascribed to it in the Forensic Investigation Announcement
"Forensic Investigation Announcement"	the announcement of the Company dated February 23, 2024 in relation to, among others, the key findings of the Forensic Investigation
"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
"Hangzhou Kuntai"	Hangzhou Kuntai Biotechnology Co., Ltd., a company controlled by Mr. Zi and as referred to in the Forensic Investigation Announcement
"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
"Jiangsu Wuzhong"	Jiangsu Wuzhong Real Estate Group Co., Ltd., as further described in the Forensic Investigation Announcement
"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

"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
"Mr. Zeng"	Mr. Min Frank Zeng (曾敏), a former executive Director
"Mr. Zi"	Mr. Zhenjun Zi (訾振軍), a former executive Director
"NL"	the Netherlands
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Prospectus"	the prospectus published by the Company on November 28, 2019 in relation to its Hong Kong public offering
"R&D"	research and development
"RDN"	Renal Artery Denervation
"Reporting Period"	the one-year period from January 1, 2024 to December 31, 2024
"Resumption Guidance"	the guidance for the resumption of trading in the shares of the Company set forth by the Stock Exchange in its letters of December 20, 2023 and February 9, 2024, as disclosed in the announcements of the Company dated December 27, 2023 and February 16, 2024, respectively
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"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, a catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
"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
"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
"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 series"	VenusA-Valve, VenusA-Plus and VenusA-Pro
"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.
Mr. Lim Hou-Sen (Lin Haosheng)
Executive Director

Hong Kong, March 28, 2025

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, Mr. Chi Wai Suen and Mr. John Junhua Gu.