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杭州启明醫療器械股份有限公司

**Venus Medtech (Hangzhou) Inc.**

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

**(Stock Code: 2500)**

**UPDATE ON USE OF PROCEEDS FROM SEPTEMBER 2020 PLACING  
CHANGE IN USE OF PROCEEDS FROM JANUARY 2021 PLACING  
AND  
UPDATE INFORMATION ON DISCLOSEABLE TRANSACTION  
IN RELATION TO MITRALTECH**

References are made to the announcements issued by Venus Medtech (Hangzhou) Inc. (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated September 3, 2020 and September 10, 2020, respectively (collectively, the “**September 2020 Placing Announcements**”) in relation to, among others, the placement of H Shares by the Company in September 2020 (the “**September 2020 Placing**”). References are also made to the announcements issued by the Company dated January 22, 2021 and January 29, 2021, respectively (collectively, the “**January 2021 Placing Announcements**”, together with the September 2020 Placing Announcements, the “**Placing Announcements**”) in relation to, among other things, the placement of H Shares by the Company under general mandate in January 2021 (the “**January 2021 Placing**”, together with the September 2020 Placing, the “**Placings**”).

Reference is also made to the announcement issued by the Company dated December 8, 2021 (the “**Mitraltech Acquisition Announcement**”) in relation to, among others, the acquisition (the “**Mitraltech Acquisition**”) of all shares in Mitraltech Holdings Limited (“**Mitraltech**”) (other than the Company-Owned Equity), a private company incorporated under the laws of Israel.

Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Placing Announcements and the Mitraltech Acquisition Announcement.

## UPDATE ON USE OF PROCEEDS FROM SEPTEMBER 2020 PLACING

As disclosed in the September 2020 Placing Announcements, the Company intended to use the net proceeds from the September 2020 Placing of approximately HK\$1,173 million, equivalent to approximately RMB1,034.01 million (the “**September 2020 Placing Proceeds**”), for investments in upstream and downstream companies to achieve synergies in operations, expansion in our facilities, and general working capital, in order to facilitate the long-term strategic development of the Company.

The 2021 Interim Report of the Company published on September 29, 2021 (the “**2021 Interim Report**”) included a table on p. 37 which indicated that all of the September 2020 Placing Proceeds were intended for working capital and other general corporate purposes. In this regard, the Company would like to supplement that due to an inadvertent clerical error, and to be consistent with the September 2020 Placing Announcements and the section under “Corporate Governance and Other Information – XI. Issuance of Shares and Utilization of Proceeds – The September 2020 Placing” of the 2021 Interim Report, the September 2020 Placing Proceeds were actually intended to be used for both (i) investments in upstream and downstream companies and (ii) working capital and other general corporate purposes. For clarity, the breakdown of the intended purposes of the September 2020 Placing Proceeds are listed in the table below, which shows that as at the date of this announcement, all September 2020 Placing Proceeds have been used up in line with the intended purpose of September 2020 Placing Proceeds as disclosed in the September 2020 Placing Announcements.

Use of net proceeds	Amount of net proceeds (RMB million)	Amount of actual use of net proceeds as of the date of this announcement (RMB million)	Amount of unutilized net proceeds as at the date of this announcement (RMB million)
(i) Investment in upstream and downstream companies	471.30	471.30	0
(ii) Working capital and other general corporate purposes	562.71	562.71	0
Total	<u>1,034.01</u>	<u>1,034.01</u>	<u>0</u>

The Board confirmed that the above supplemental information does not affect other information contained in the 2021 Interim Report. Save as disclosed above, the content of the 2021 Interim Report remains unchanged.

## CHANGE IN USE OF PROCEEDS FROM JANUARY 2021 PLACING

As disclosed in the January 2021 Placing Announcements, the Company originally intended to use the net proceeds from the January 2021 Placing of approximately HK\$1,427 million, equivalent to approximately RMB1,191.00 million (the “**January 2021 Placing Proceeds**”), as follows: (i) approximately 60% of the January 2021 Placing Proceeds for accelerating the development and research of the Company’s product candidates, including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies (“**Development and Research**”); (ii) approximately 20% of the January 2021 Placing Proceeds for development of and investment in other new technologies (“**Investments**”); and (iii) approximately 20% of the January 2021 Placing Proceeds for working capital and other general corporate purposes (“**General Working Capital**”).

### Current Actual Use of Proceeds

As at the date of this announcement, the Group has utilized approximately RMB204.19 million, representing approximately 17.14% of the January 2021 Placing Proceeds, in the manner as follows:

Use of net proceeds	Amount of net proceeds (RMB million)	Amount of actual use of net proceeds as of the date of this announcement (RMB million)	Amount of unutilized net proceeds as at the date of this announcement (RMB million)
(i) Development and Research	714.60	50.98	663.62
(ii) Investments	238.20	49.60	188.60
(iii) General Working Capital	238.20	103.61	134.59
Total	<u>1,191.00</u>	<u>204.19</u>	<u>986.81</u>

As at the date of this announcement, the January 2021 Placing Proceeds have been used in the same manner and proportions of January 2021 Placing Proceeds as disclosed in the January 2021 Placing Announcements.

## Change in Use of Proceeds

As at the date of this announcement, the unutilized January 2021 Placing Proceeds amounted to approximately RMB986.81 million.

Having considered the reasons as stated in the paragraphs below under “Reasons for Change in Use of Proceeds”, and to capture acquisition opportunities which may complement the Group’s coverage in the field of medical devices for heart valve replacement and repair, the Group intends to expand the scope of the unutilized January 2021 Placing Proceeds allocated to Development and Research to the following: accelerating the development and research of the Company’s product candidates including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies, and expansion of the Company’s product candidates through investments, acquisition or other collaboration arrangements, (“**Expanded Development and Research**”).

Set out below is the proposed change of use of the unutilized January 2021 Placing Proceeds (the “**Change in Use of Proceeds**”):

		Allocation of unutilized net proceeds (same as the amount of unutilized net proceeds as at the date of this announcement) (RMB million)
Original use of net proceeds	Changed use of net proceeds	
(i) Development and Research – i.e. accelerating the development and research of the Company’s product candidates, including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies	(i) Expanded Development and Research – i.e. accelerating the development and research of the Company’s product candidates including Venus PowerX Valve, Venus Vitae Valve, an aortic valve repair device at pre-clinical stage (Leaflex), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other products and technologies, <b>and expansion of the Company’s product candidates through investments, acquisition or other collaboration arrangements</b>	663.62
(ii) Investments	Same as original	188.60
(iii) General Working Capital	Same as original	134.59
Total		<u>986.81</u>

## Reasons for Change in Use of Proceeds

As a global high-end innovative medical device manufacturer striving to become a world-leading service provider of integrated solutions for structural heart disease, the Company has focused on the innovation, R&D, manufacturing and commercialization of high-end innovative interventional medical devices, covering the entire pipeline for aortic valve, pulmonary valve, mitral valve and tricuspid valve. In order to continue the upgrading of its products and expand its leading edge in the field of structural heart disease, the Company constantly taps the development potential in the PRC and abroad. With this vision and strategy in mind, the Company has engaged actively in external investments and acquisitions in innovative products and technologies in the field of structural heart disease, in order to add products with significant growth potential to the Company's pipeline and thereby become a more comprehensive supplier of medical devices for heart diseases.

During the course of 2021 and up to the date of this announcement, the Company engaged in a range of investments and acquisitions in this regard, including but not limited to the Mitraltech Acquisition (as disclosed in the Mitraltech Acquisition Announcement dated December 8, 2021), being an acquisition of all equity interests in Mitraltech (other than the Company Owned Equity), which is the parent company of Cardiovalve Ltd., a private company incorporated under the laws of Israel and owns an independently-developed Cardiovalve System (the **"Cardiovalve System"**), i.e. a transcatheter interventional replacement product for patients suffering from mitral or tricuspid regurgitation and intended to reduce the mortality and morbidity associated with surgical treatment options for both mitral and tricuspid valve regurgitation indications.

As mentioned in the Mitraltech Acquisition Announcement, compared with products of the same kind, its transfemoral approach significantly improves the safety of treatment and its 55mm annuli is suitable for about 95% of the patient population. Its unique short frame design lowers the risk of LVOT obstruction. Cardiovalve has applied for over 215 patents, of which 83 have been granted. The Cardiovalve System offers a self-developed mitral and tricuspid replacement valve delivered via a transcatheter approach, intended to reduce the mortality and morbidity associated with surgical treatment options for both mitral and tricuspid valve regurgitation indications. The Cardiovalve system is currently enrolling patients in several multi-center studies for both mitral valve replacement and tricuspid valve replacement in the US and in Europe. Initial clinical results are promising. Its treatment of mitral regurgitation has entered clinical trials in Europe and is currently in an early feasibility study in the U.S.. Well-noted international cardiovascular centers such as the Piedmont Heart Institute (US), IRCCS Policlinico San Donato (Italy), Universitaet Mainz (Germany), Heart-Center University Clinic Bonn (UKB) (Germany), University Heart Center Lübeck Medical Clinic II (Germany), etc. were involved in its clinical trials. Furthermore, its device for the treatment of tricuspid regurgitation received 'Breakthrough Device Designation' by the FDA in January 2020 and entered an early feasibility study. Cardiovalve is also the first privately held company to receive FDA's early feasibility study (EFS) approval for both TR and MR indications.

The board of the Company (the **"Board"**) believes that Cardiovalve will create significant synergy with the Company's existing product layout and will further consolidate the Company's leading position in the field of the structural heart disease in China and globally. Furthermore, the introduction of the Cardiovalve System will promote the Company's internationalization and innovation, laying a solid foundation for entering the international mainstream market in the future.

Therefore, the proposed Change in Use of Proceeds mainly resulting from the Mitraltech Acquisition will essentially reach the same goal as the original purpose of Development and Research, to accelerate the development and research of the Company's product candidates including TMVR and TTVR but through investments and acquisition.

In addition to further investment and deployment of financial resources in relation to the Mitraltech Acquisition, the Company also plans to continue to engage in investments, acquisitions or other collaboration arrangements to expand the portfolio of product candidates that deploy similar or comparable underlying technologies as those of the Company's product candidates.

The Board has considered that the development direction of the Group is still in line with the disclosures in the prospectus of the Company and 2021 Interim Report in spite of the Change in Use of Proceeds. The Board is not aware that there are material changes in the nature of the businesses of the Group and considers that it is fair, reasonable and appropriate to deploy its financial resources more effectively to embrace market investment opportunities and enhance the research and development capacity and pipeline of the Company through investments and acquisitions. Therefore the Change in Use of Proceeds of the unutilized January 2021 Placing Proceeds to include expansion of the Company's product candidates through investments, acquisition or other collaboration arrangements as part of the first category of use of unutilized January 2021 Placing Proceeds is appropriate and in the best interests of the Company and its shareholders as a whole. The unutilized January 2021 Placing Proceeds allocated to Expanded Development and Research will be applied to development and research of the Company's product candidates, existing investment and acquisitions aforementioned including Mitraltech Acquisition, as well as other potential investments, acquisitions and collaboration arrangements in relation to the product candidates of the Company, depending on the market conditions and the Board's exercise of discretion. The Board considers that the Change in Use of Proceeds is in line with the business strategy of the Group and will not have any material adverse impact on the existing business and operations of the Group.

Putting greater efforts in seeking opportunities of strategic investments and acquisitions would be more beneficial to the business strategy of the Group. In the circumstances, after considering the current business needs and research and development status of the Group, as well as the existing and future strategic investment and acquisition opportunities over the product candidates of the Company, the Board considers that the Change in Use of Proceeds would be most beneficial to the business development of the Group and is in the best interest of the Company and its shareholders as a whole.

Save as disclosed in this announcement, the Board confirms that there are no other changes to the use of the unutilized net proceeds and the development and research of the Company's product candidates will not be crippled or affected adversely as a result of the Change in Use of Proceeds, but will instead be enhanced through synergies achieved after the expansion of the Company's portfolio through investments and acquisitions. The Board will continuously assess the plans for the use of unutilized January 2021 Placing Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better business performance of the Group. The Board will also take a cautious approach continually when considering using the unutilized January 2021 Placing Proceeds, and closely monitor the changes of the market conditions from time to time.

The Board expects that the unutilized Expanded Development and Research to be used by December 31, 2023 and the unutilized Investments and General Working Capital to be used by December 31, 2022.

The Company will continue to disclose the use of proceeds in the Placings in the periodic reports of the Company in accordance with requirements of the Listing Rules.

## **UPDATE INFORMATION ON DISCLOSEABLE TRANSACTION IN RELATION TO MITRALTECH**

Reference is made to the Mitraltech Acquisition Announcement in relation to the Mitraltech Acquisition, in which under the section headed “Source of Funding for the Share Purchase and the Convertible Loan”, it was stated that “the Company intends to finance the Share Purchase and the Convertible Loan by its own financial resources other than proceeds from the listing of the H Shares on the Main Board of The Stock Exchange of Hong Kong Limited in December 2019, and the placings of the H Shares in September 2020 and January 2021 respectively.”

Considering the intended purpose of September 2020 Placing Proceeds as disclosed in the September 2020 Placing Announcements and relevant clarification mentioned in this announcement, Change in Use of Proceeds of the January 2021 Placing Proceeds and the benefits thereof aforementioned, the Company would like to adjust the source of funding of Mitraltech Acquisition and the above statement should be replaced in its entirety by the following: “the Company intends to finance the Share Purchase and the Convertible Loan by using the proceeds from the placings of the H Shares by the Company in September 2020 and January 2021, respectively and/or internal financial resources (where appropriate)”.

**Shareholders of the Company and the public are advised to exercise caution when trading in the shares of the Company.**

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

Hangzhou, March 14, 2022

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