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**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)**

**(1) DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE CONSTRUCTION AND DEVELOPMENT OF THE PROJECT LAND;  
AND  
(2) CONTINUED SUSPENSION OF TRADING**

**INTRODUCTION**

The Group had previously acquired the land use rights of the Project Land (comprising of the Parcel-1 and the Parcel-2) from Hangzhou Planning and Natural Resources Bureau through public tender in September 2021. The Project Land, which is intended to be utilized for the development of the Qiming Healthcare Life Science Industrial Park (啓明醫療生命健康產業園, hereinafter known as the Development Project), is situated at the Hangzhou High-Tech Zone (Binjiang) (杭州國家高新技術產業開發區(濱江區)) and designated as a comprehensive development project with a total gross floor area (GFA) of approximately 206,430.68 square metres for industrial and commercial uses.

**THE DEVELOPMENT PROJECT**

The Development Project is located in the Hangzhou High-Tech Zone (Binjiang), which is known to be a prominent technology zone in Hangzhou, Mainland China. A number of well-known information technology companies operate offices within the zone. The High-Tech Zone sought to bring together different enterprises, talents and related technologies which form part of a full ecological chain in the region. With close proximity to other industry players, the Group anticipates to be able to obtain and share resources and seek synergies in a more efficient manner, lower costs on business commute and communications, and continue to expand brand influence among enterprises within the same upstream and downstream industrial chain.

## **THE CONSTRUCTION CONTRACTS**

On November 17, 2022, the Company entered into the Construction Contracts with China Construction First Group, pursuant to which China Construction First Group was appointed as the designated contractor to provide construction works for the Development Project at an aggregate fixed contract sum of RMB1,182,152,686.90 (inclusive of tax).

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Construction Contracts exceeds 5% but is less than 25%, the Construction Contracts constitute a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Group had previously acquired the land use rights of the Project Land (comprising of the Parcel-1 and the Parcel-2) from Hangzhou Planning and Natural Resources Bureau through public tender in September 2021. The Project Land, which is intended to be utilized for the Development Project, is situated at the Hangzhou High-Tech Zone (Binjiang) (杭州國家高新技術產業開發區(濱江區)). The total site area of the Development Project is approximately 43,641 square metres, and has been designated as a comprehensive development project with a total GFA of approximately 206,430.68 square metres, to comprise of to-be-constructed properties for industrial and commercial offices, car parks and ancillary uses.

As the highest applicable percentage ratio in respect of the acquisition of the Parcel-1 and the Parcel-2, on an aggregated basis, did not exceed 5%, the entering into of the respective land use rights grant contracts and the transactions contemplated thereunder did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## **THE DEVELOPMENT PROJECT**

The Development Project is located in the Hangzhou High-Tech Zone (Binjiang), which is known to be a prominent technology zone in Hangzhou, Mainland China. A number of well-known information technology companies operate offices within the zone. The High-Tech Zone sought to bring together different enterprises, talents and related technologies which form part of a full ecological chain in the region. With close proximity to other industry players, the Group anticipates to be able to obtain and share resources and seek synergies in a more efficient manner, lower costs on business commute and communications, and continue to expand brand influence among enterprises within the same upstream and downstream industrial chain.

As at the date of this announcement, the underground construction works for the Development Project were close to completion.

In 2022, China Construction First Group was chosen by the Group through standardized negotiation process to provide construction services to develop and construct the Development Project. It was selected after several rounds of negotiations, and the contract sum thereunder was determined after arm's length negotiations via a thorough screening and evaluation process on the price quotation with reference to the experience and capability of China Construction First Group and other independent third party service providers, the expected scope and complexity of the construction works, the expected cost and the prevailing market price for carrying out a construction of similar scale and complexity. The Company considered that China Construction First Group is able to provide up-to-standard construction services for the Group in implementing its Development Project.

The principal terms to the Construction Contracts are set forth below.

**PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACTS**

**Date:** November 17, 2022

**Parties:** (1) the Company (as principal); and  
(2) China Construction First Group (as contractor)

To the best of Directors' knowledge, information and belief after making all reasonable enquiries, each of China Construction First Group and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

**Subject matter:** China Construction First Group was appointed as the contractor responsible for the construction works of the Development Project located at the Project Land.

The Development Project is located at Hangzhou High-Tech Zone (Binjiang) (杭州國家高新技術產業開發區(濱江區)), east to Xipu Road, south to Xinnan Road, south to Binpu Road and north to Xinsheng Road, which will be primarily used for industrial and commercial offices, car park and ancillary uses with a total site area of approximately 43,641 square metres, a total GFA of approximately 206,430.68 square metres.

**Construction period:** The construction period of each of the Parcel-1 and the Parcel-2 will be 1,461 calendar days and 1,096 calendar days commencing from the effective date of the commencement report to be executed by the Company and China Construction First Group, respectively.

If there are any change of scope of the construction works, either party may request to adjust the construction period according to the terms of the Construction Contracts.

**Contract sum and payment terms:**

The aggregate fixed contract sum under the Construction Contracts is RMB1,182,152,686.90 (inclusive of tax).

Pursuant to the Construction Contracts, the aforesaid contract sum includes the costs of construction and development of the Project Land, with such fee payable in a number of instalments on a progressive basis according to the achievement of certain milestones. As at the date of this announcement, the Company has paid approximately RMB210,629,682.59 (in aggregate), which was financed by the internal resources of the Group and external funding through banking facilities. None of the proceeds from the initial public offering and/or placing of the Company had been utilized for the payment of the contract sum under the Construction Contracts.

The contract sum under the Construction Contracts was determined after arm's length negotiation between the parties, and is expected to be financed by the internal resources of the Group and/or external funding.

The Board considers that the contract sum payable under the Construction Contracts is fair and reasonable having taken into account the nature of services to be provided by China Construction First Group to the Group, the then market conditions, as well as the location of the Project Land.

**REASONS FOR AND BENEFITS OF THE TRANSACTION**

As disclosed in the section headed "Introduction" above, the Construction Contracts were entered into after several rounds of negotiations. Based on the overall evaluation of the technical proposal, experience of the key personnel, business performance of the candidates, contract performance reputation and negotiated quotation provided by the candidates, China Construction First Group was selected as the partner to undertake the relevant works for the Development Project. On the other hand, the overall operation and management of the Development Project (except for the Designated Sections) is expected to be undertaken by a service provider independent of the Company and its connected persons for a period of ten (10) years upon delivery.

Amidst the current market conditions and other relevant factors, at the time of entering into such agreements, the Group believed that the Construction Contracts can serve to facilitate the construction works of the Development Project without exhausting the financial resources of the Group. In addition, the Group was also of the view that the background, knowledge and experience of China Construction First Group would positively contribute to the successful development of the Development Project.

Given that the Development Project requires intensive capital funding and a long payback period, depending on the prevailing commercial and financial needs of the Group, the management of the Company may opt to transfer or repurchase its investments in the Development Project with a suitable business partner or the relevant designated local government authority with reasonable consideration.

None of the Directors was considered to have any material interest in the transactions contemplated in the Construction Contracts, accordingly, no Director is required abstain from voting on the relevant Board resolutions.

### **IMPLICATIONS UNDER THE LISTING RULES**

China Construction First Group is a third party independent of the Company and its connected persons.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Construction Contracts exceeds 5% but is less than 25%, the Construction Contracts constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **REMEDIAL ACTIONS**

The Company deeply regrets that the Transaction had not timely complied with the notification and announcement requirements under Chapter 14 of the Listing Rules. This incident was revealed upon the internal review of significant contracts of the Company and the Company has arranged to publish this announcement as soon as practicable upon becoming aware of the Transaction.

In order to prevent similar incident from happening again in the future, the Company has taken the following measures:

- (1) the Company has engaged an internal control consultant, Deloitte Enterprise Consulting (Shanghai) Co., Ltd. Beijing Branch, to review and identify any deficiencies in the design and implementation of the Company's internal control policies in relation to discloseable transactions, make recommendations based on any deficiencies identified, further review the Company's remedial measures, and issue a final report after such further review.
- (2) the compliance advisor of the Company will issue reminder and questionnaire to the management of the Company on no less frequent than a monthly basis to keep track of the progress of any significant transactions of the Group so as to plan for the compliance work well in advance.
- (3) the audit committee of the Company will be entrusted with the responsibility to review and improve the internal control system and financial reporting system of the Company.

- (4) the Group will issue relevant guidance and training materials, in particular, on how to identify notifiable and connected transactions under the Listing Rules, to the Directors, senior management and the relevant staff of the Group. The Group will also arrange training sessions on compliance requirements for notifiable and connected transactions so as to improve the standard of corporate governance and operating management of the Company.
- (5) the Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirement of the Listing Rules by the Group.

## **INFORMATION ON THE COMPANY AND THE PARTIES**

### **The Company**

The Company is principally engaged in the transcatheter heart valve market in China and globally. Its products and product candidates are designed for transcatheter implantation to replace dysfunctional heart valves mainly associated with aortic stenosis and pulmonic, mitral and tricuspid regurgitation.

### **China Construction First Group**

China Construction First Group is a company established in the PRC. It is principally engaged in general construction contracting, specialized contracting, construction machinery and equipment, construction materials, construction project management, engineering survey and design. The ultimate beneficial owner of China Construction First Group is the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

To the best of Directors' knowledge, information and belief after making all reasonable enquiries, each of China Construction First Group and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on November 23, 2023 and will remain suspended pending the fulfillment of the resumption guidance as specified by the Stock Exchange. For further details, please refer to the announcements of the Company dated December 27, 2023 and February 16, 2024, respectively.

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“China Construction First Group”	China Construction First Group Construction & Development Co., Ltd. (中建一局集團建設發展有限公司), an enterprise established in the PRC
“Company”	Venus Medtech (Hangzhou) Inc., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Construction Contracts”	collectively, the construction contract dated November 17, 2022 in relation to the Parcel 1 and the construction contract dated November 17, 2022 in relation to the Parcel 2, in each case, entered into between the Company and China Construction First Group in relation to the provision of construction services for the Development Project
“Designated Sections”	the section of the Project Land which shall be constructed, developed and/or refurbished by or on behalf of the Company for its own use in its ordinary and usual course of business
“Development Project”	Qiming Healthcare Life Science Industrial Park (啓明醫療生命健康產業園)
“Director(s)”	director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hangzhou Planning and Natural Resources Bureau”	Hangzhou Planning and Natural Resources Bureau (杭州市規劃和自然資源局), an administrative body in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Parcel-1”	a parcel of land (bearing number 2021-22 Hangzhenggong and located in Binjiang District, Hangzhou) for industrial and commercial use with the GFA of approximately 138,813.29 square metres to be developed into the Development Project
“Parcel-2”	a parcel of land (bearing number 2021-23 Hangzhenggong and located in Binjiang District, Hangzhou) for industrial and commercial use with the GFA of approximately 67,617.39 square metres to be developed into the Development Project
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Land”	collectively, the Parcel-1 and the Parcel-2
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Construction Contracts
“%”	per cent

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

Hangzhou, February 23, 2024

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