Peijia Medical Limited
沛嘉醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9996)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of our Group for the six months ended June 30, 2023, together with the unaudited comparative figures for the six months ended June 30, 2022.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		**Period-to-period change**
	2023	2022	
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**224,871**	118,799	89.3%
Gross profit	**172,957**	83,202	107.9%
Loss before income tax	**(211,473)**	(91,794)	130.4%
Loss for the period	**(212,075)**	(91,986)	130.6%
Cash, cash equivalents and term deposits	**1,162,627**	2,057,886	-43.5%
Research and development expenses	**(171,295)**	(83,428)	105.3%
Including: One-time BD expenses*	**(87,922)**	(12,343)	612.3%

* This item is not required by, or presented in consolidated financial statements in accordance with, IFRS.

For the Reporting Period, the Group recorded revenue of RMB224.9 million, as compared to RMB118.8 million for the same period in 2022, representing an increase of 89.3% as compared to the same period in 2022; and loss for the period and attributable to the owners of the Company of RMB212.1 million, as compared to RMB92.0 million for the same period in 2022.

The increase in revenue was primarily attributable to the following reasons:

(i) the commercialization of TAVR products (including the first-generation product TaurusOne® and second-generation retrievable product TaurusElite®), has been accelerated, further increasing the Group's market share;

(ii) the sales volume of the Group's existing neurointerventional products (including Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, Jasper® Detachable Coil and Syphonet® Stent Retriever, etc.) has increased constantly, hence continuously contributing to the revenue growth of the Group; and

(iii) the Group's ischemic products (including Fastunnel® Delivery Balloon Dilatation Catheter, etc.) whose registration applications were approved by the NMPA in the second quarter of 2022, have since been commercialized, contributing to the increase in the revenue of the Group.

BUSINESS HIGHLIGHTS

1. We took advantage of industry recovery to further accelerate the commercialization of TAVR products, significantly increasing hospital coverage and market share.

With the recovery of procedure volume across the market and the increasing unit production of the sales team, we have seen substantial growth in terminal implant volume and market share for our first- and second-generation TAVR products. During the Reporting Period, our products were implanted in more than 120 new hospitals, bringing total penetration to more than 410 hospitals, a figure comparable to peers. For the Reporting Period, the terminal implant volume of our TAVR products was near 1,250 units, surpassing the number of units implanted for the year ended December 31, 2022, with an estimated market share of over 20%.

The increase in hospital coverage and market share have further demonstrated our superior product performance and effective marketing strategies. In the future, our professional sales and marketing team will continue to educate the market and provide compliant and high-quality services to physicians to further promote the utilization and application of the therapy and further improve the benefits for patients.

2. We have successfully launched the multi-center registration clinical trial for TaurusTrio™ and we continue to advance the registration clinical trial for the next generation of products in our core pipeline.

During the Reporting Period, we successfully reached several milestone events for the Trilogy™ Heart Valve System, an AR indication TAVR product by obtaining the exclusive license from JenaValve Technology Inc. ("**JenaValve**"). In May 2023, we completed the first commercial implantation of Trilogy™ in Hong Kong. Additionally, we completed the technology transfer of the product to our local manufacturing site in the PRC, allowing for in house production of TaurusTrio™ TAVR system, which is technically consistent with Trilogy™. In July 2023, we officially launched the multi-center registration clinical trial of TaurusTrio™ in the PRC. As of the date of this announcement, no transfemoral AR indication TAVR product has been approved for marketing by the NMPA in the PRC.

Our next-generation transcatheter valve therapeutic pipeline is steadily advancing. Our Company is leading the industry with several products that have entered the registration clinical trial stage, including (i) TaurusNXT®, our *Non-glutaraldehyde Crosslinked* Dry-tissue TAVR product; (ii) TaurusTrio™, our AR indication TAVR product; (iii) GeminiOne®, our mitral valve TEER product; and (iv) HighLife®, our TSMVR product. As of the date of this announcement, our Company's Transcatheter Valve Therapeutic Business had five commercialized products and nine product candidates in various stages of development; among them, five products entered the NMPA Green Path for Special Review Procedures of Innovative Medical Devices.

3. Our neurointerventional product portfolio is mature and comprehensive. The commercialization of products in the hemorrhagic, ischemic and vascular access product lines has been fully accelerated.

During the Reporting Period, the sales volume of our newly launched ischemic products gradually increased. With a mature and comprehensive commercialized product portfolio and an extensive distributor network, our neurointerventional segment recorded revenue of RMB117.1 million, representing a better-than-expected period-over-period increase of 75.6%. Among these, hemorrhagic, ischemic and vascular access products accounted for 27.3%, 39.1% and 33.1% (44.2%, 25.0% and 30.6% for the six months ended June 30, 2022) of the segment revenue, respectively. We actively embraced the national and local volume-based procurements. Our detachable coils have won bids in the provincial and province alliance VBPs. Among our detachable coils, Jasper® Detachable Coil won third place in Group A for the 21-province alliance VBP led by Jilin Province, which will accelerate the hospital admission and sales volume increase of this product in the cities within the alliance.

In June 2023, the registration application of DCwire™ Micro Guidewire, a new generation of neurointerventional micro guidewire, was approved by the NMPA. DCwire™ Micro Guidewire is designed based on the concept of "microstructure", which allows the device to be precisely controlled and easy to super select vessels, enabling physicians to build vascular access quickly and more easily during procedures. As of the date of this announcement, our Company's Neurointerventional Business had sixteen commercialized products and eight product candidates in various stages of development.

4. We are leading the neurointervention industry through collaboration with medical and engineering professionals to pioneer new techniques.

Based on the superior design and performance of our products, our Company and physicians have collaborated to develop many innovative techniques for neurointerventional procedures that directly address unmet clinical needs and pain points. The use of cutting-edge techniques significantly improves the physician's experience and procedure's efficacy, leading to greater benefits for patients. Key techniques include:

BASIS: BASIS technique is a balloon angioplasty with the distal protection of stent retriever for ICAS-LVO developed based on Syphonet® Stent Retriever. This technique allows simultaneous treatment of proximal stenosis and distal embolization, reducing procedure time and improving patient outcomes. In addition, by minimizing the need for device exchange compared to conventional procedures, it reduces the risk of complications. Also, utilizing the capture basket of Syphonet® Stent Retriever for protection can reduce the risk of thrombus debris dislodging into the blood stream caused by balloon dilatation.

Zero-exchange: Zero-exchange technique is developed based on the Fastunnel® Delivery Balloon Dilatation Catheter. Compared to the traditional PTAS procedure for ICAD, this technique reduces the number of device exchanges and simplifies the operation steps, thereby reducing the risk and improving the safety of the procedure.

TRUST: TRUST technique is a transradial coaxial catheter technique using a short sheath, Simmons catheter and Tethys® Intermediate Catheter developed based on the features of Tethys® Intermediate Catheter, which has a soft segment at the distal end and allows high compressive strength. The transradial approach is associated with a relatively lower complication rate and greater patient comfort than the transfemoral approach. The coaxial technique minimizes device exchange and simplifies the procedure, thereby reducing the risk of complications.

5. We are making continuous efforts in optimizing supply chain and improving production process for long-term success.

During the Reporting Period, we implemented additional cost optimization and expense control measures. Main accomplishments include:

(i) expansion of production capacity and improvement of productivity to support business growth;

(ii) introduction and verification of additional key raw material suppliers to lower production cost and enhance the supply chain security;

(iii) optimization of the in-house manufacturing process of self-produced raw materials, focusing on mass production and product yield. In this way, we can ensure the stability of our raw material supply chain while keeping overall cost in check;

(iv) automation and optimization of our manufacturing process. We have lowered our production cost with improved operating efficiency, increased product yield and reduced waste; and

(v) continuous investment in personnel training, including mentoring programs, to shorten the learning curve of employees.

MANAGEMENT DISCUSSION AND ANALYSIS

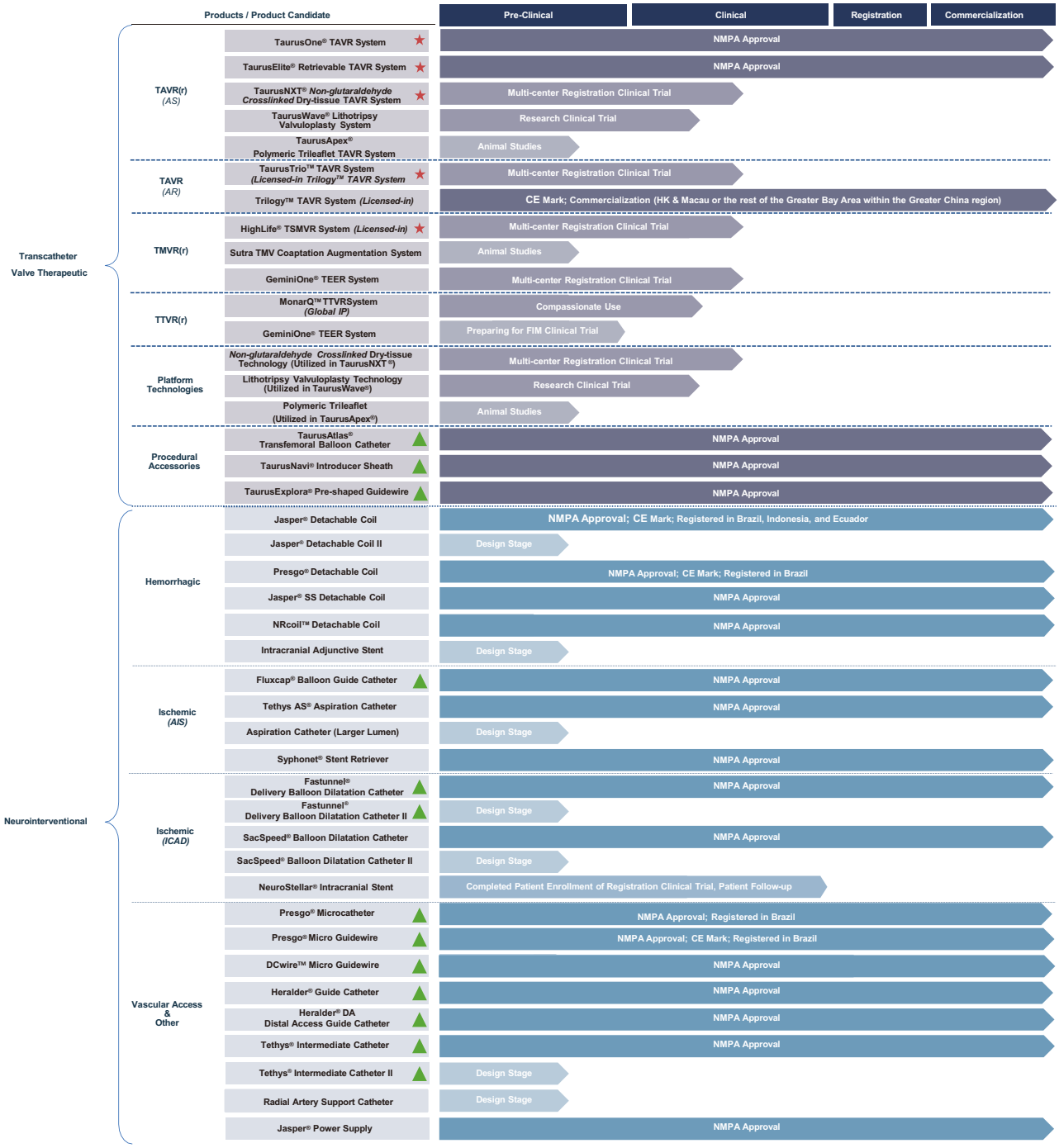
I. BUSINESS REVIEW

Overview

We have built a medtech platform that focuses on the high-growth interventional procedural medical device markets in China and globally. Our products and product candidates target the vast, fast-growing and under-penetrated markets with high entry barriers, including transcatheter valve therapeutic medical device market and neurointerventional procedural medical device market.

Products and Pipeline

For the Reporting Period, we obtained the registration approval from the NMPA for one neurointerventional product, namely DCwire™ Micro Guidewire. As of the date of this announcement, for our Transcatheter Valve Therapeutic Business, we had five registered products and nine product candidates in various development stages. For our Neurointerventional Business, we had sixteen registered products and eight product candidates in various development stages. The following chart summarizes the current development status of our product portfolio:



★ Among our products, these devices are accepted by the Special Review and Approval Procedure for Innovative Medical Devices of the NMPA.

▲ Among our products, these devices are exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (免於臨床評價醫療器械目錄) promulgated by the NMPA, as amended.

Transcatheter Valve Therapeutic Products and Product Candidates

Our Transcatheter Valve Therapeutic Business focuses on treating the most prevalent heart valve diseases, including AS, AR, MR and TR, via transcatheter approaches.

We have a comprehensive portfolio of commercialized and pipeline products. For the Reporting Period, our revenue generated from the sales of transcatheter valve therapeutic products amounted to RMB107.7 million, representing an increase of 106.8% from approximately RMB52.1 million recorded for the six months ended June 30, 2022.

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates

TaurusOne® — First-Generation TAVR System

TaurusOne® is our internally developed first-generation TAVR product, and is designed to treat severe calcific AS using catheter-based approach. The product consists of a PAV, a delivery catheter system and a loading system. The PAV includes bovine pericardial leaflets, a nitinol frame, and a sealing skirt to prevent paravalvular leakage. Compared to porcine pericardial leaflets, bovine pericardial leaflets are generally more durable and perform better in terms of hemodynamic profile. The clinical trial of TaurusOne® was the first ever TAVR product registration clinical trial completed entirely by Chinese physicians. It is also the first domestic TAVR product whose clinical results were published in the top quartile research journal. We received the NMPA approval for the registration application of TaurusOne® in April 2021 and commercialized the product in May 2021.

TaurusElite® — Second-Generation Retrievable TAVR System

TaurusElite® is our internally developed second-generation retrievable TAVR product. TaurusElite® has a valve design similar to that of TaurusOne® but features a key upgrade to its delivery catheter system — allowing physicians to retrieve and reposition the PAV during placement, addressing one of the key challenges. This also improves the success rate of TAVR procedures and the long-term benefits to patients, which will ultimately promote wider clinical adoption. Furthermore, the design consists of inner and outer tubes that further enhance the pushability and flexibility of the delivery catheter system, and effectively deal with the challenges posed by the complex anatomy of the aortic arch and horizontal aorta. The TaurusElite® delivery catheter system is also available in an inline sheath model to meet the diverse needs of doctors and treat patients with complicated vascular anatomy.

We received the NMPA approval for the registration application of TaurusElite® in June 2021 and commercialized the product in July 2021. As of the date of this announcement, TaurusElite® is the record-breaking domestic retrievable TAVR product in terms of approval time.

In addition to the products mentioned above, we also received the NMPA approvals for the registration application of a number of procedural accessories in 2021, including TaurusAtlas® Transfemoral Balloon Catheter, TaurusNavi® Introducer Sheath and TaurusExplora® Pre-shaped Guidewire. These are important accessories to help physicians perform the TAVR procedures using Taurus-series products.

For the Reporting Period, the sales from TaurusElite® comprised the majority of our sales of the Transcatheter Valve Therapeutic Business.

TaurusNXT® — Third-Generation Non-glutaraldehyde Crosslinked Dry-tissue TAVR System

TaurusNXT® is our internally developed third-generation TAVR system, and has significantly different tissue and structure from TaurusOne® and TaurusElite®. TaurusNXT® incorporates our patented non-glutaraldehyde bio-tissue crosslinking technology that removes the main source of valve calcification, the primary cause of prosthetic valve degeneration. The technology is expected to greatly enhance the durability and biocompatibility of the PAV. Additionally, compared to the traditional dry tissue technology using glycerin, TaurusNXT® utilizes an ultra-low temperature vacuum freeze-drying technology to maintain the physical integrity of the valve tissue while allowing the PAV to be pre-loaded onto the delivery catheter system. The delivery catheter system of TaurusNXT® is both retrievable and steerable, making it much easier for physicians to guide the PAV to its target position, thereby further improving the safety of the procedure. The first patient implant of TaurusNXT® was completed in September 2021. As of the date of this announcement, we are carrying out the multi-center registration clinical trial for TaurusNXT®.

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

TaurusApex® — Polymeric Trileaflet TAVR System

TaurusApex® is our internally developed fourth-generation TAVR system featuring the polymeric trileaflet instead of biological tissue. By replacing bio-materials with high strength, stable and soft polymer materials, we are able to further improve durability and biocompatibility of the prosthetic valves. The leaflets of TaurusApex® adopt the multi-layer bionic composite braided structure which better mimics the features and hemodynamic performance of human's native valves. Polymeric trileaflet excels biological tissue in durability, tear resistance and wear resistance. As of the date of this announcement, we are conducting animal studies and associated long-term follow-up evaluation on TaurusApex®, with promising results.

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

TaurusWave® — Lithotripsy Valvuloplasty System

Our TaurusWave® Lithotripsy Valvuloplasty System applies shockwave technology to remodel calcification on the valves. After the treatment, the mobility of the native valve is improved, leading to better hemodynamic performance. The system can be used as a stand-alone transcatheter aortic valve treatment or be used prior to TAVR, in order to alleviate valve stenosis. The first patient treatment using TaurusWave® was completed in October 2021. As of the date of this announcement, the research clinical trial of this product is in progress.

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

TaurusTrio™ — Licensed-in Trilogy™ TAVR Product for AR Indication

We entered into a collaboration and license agreement, a service agreement and a stock purchase agreement with JenaValve, a U.S.-based medical device company, in December 2021. Pursuant to these agreements, JenaValve has granted us an exclusive license for the Trilogy™ Heart Valve System for the treatment of symptomatic, severe AR or symptomatic, severe AS. We are entitled to develop, manufacture, and commercialize the Trilogy™ Heart Valve System in the Greater China region, and JenaValve agreed to provide services, allowing us to leverage the value of the product within the region. For further details, please refer to our announcement dated January 14, 2022.

The Trilogy™ Heart Valve System is the first commercial transfemoral TAVR system to receive CE Mark approval for the treatment of both symptomatic, severe AR and symptomatic, severe AS worldwide. The system's proprietary locator can not only anchor without calcification but also ensure valve commissure alignment. Its design, which includes supra-annular prosthesis and large-open cells, also benefits long-term hemodynamic and future percutaneous coronary intervention. Its valve inflow end is designed with 24 high-density mesh holes to provide annular compliance and sealing.

We have successfully launched Trilogy™ in Hong Kong with the first two commercial implants completed in May 2023. Also, we have successfully completed the technology transfer and established local manufacturing of TaurusTrio™ in Suzhou, realizing technical consistency with Trilogy™. As of the date of this announcement, we have launched the multi-center registration clinical trial of TaurusTrio™, with the first patient enrollment successfully completed in July 2023.

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

Transcatheter Mitral Valve Replacement and Repair Product Candidates

HighLife® — Licensed-in TSMVR Product

In December 2020, we entered into an exclusive license agreement with HighLife SAS ("**HighLife**"), a French-based medical device company focusing on the development of a novel transseptal replacement system for treating MR. Pursuant to the agreement, we are entitled to, among other things, manufacture, develop, and commercialize the HighLife® TSMVR system in the Greater China region. Mr. Georg BÖRTLEIN, the founder of HighLife, is also the co-founder of CoreValve, Inc., a TAVR company which was acquired by Medtronic, Inc. in 2009.

The field of TMVR still faces many technical difficulties, including access to the target site, anchoring and the risk of paravalvular leakage, and LVOT obstruction. Most existing approaches are either transapical or anchoring using radial force. HighLife® adopts the unique "Valve-in-Ring" concept, allowing it to self-center and self-align. This system separates the valve from its anchoring ring and delivers the two components through the femoral artery and femoral vein, respectively, through a simple three-step procedure. The 2-component design designed for mitral valve anatomy helps to mitigate the risk of paravalvular leakage and effectively reduces catheter size. The procedure can be successfully completed using teleproctoring support. The learning curve is relatively short, evidenced by significant reduction of procedure time by the same physician.

As of the date of this announcement, we are carrying out the multi-center registration clinical trial for HighLife®.

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

GeminiOne® — TEER System

GeminiOne® is our internally developed TEER device, designed to treat mitral valve and tricuspid valve diseases. The product has a unique design, which enables a longer coaptation length while maintaining smaller implant size and delivery system. Other innovations include its independent leaflet grasp that reduces the complexity of the procedure, auto-locking mechanism that avoids repeated locking and unlocking during the procedure, as well as multi-angular detachment that copes with a wider range of anatomy.

Our medical consultants for GeminiOne® are Dr. Saibal KAR, one of the earliest advocates for the TEER technique and a world-leading doctor specializing in TEER, and Dr. Khung Keong YEO, a renowned interventional cardiologist from Singapore.

As of the date of this announcement, we are carrying out the multi-center registration clinical trial to treat moderate to severe or severe degenerative MR for GeminiOne® and are planning to carry out the early feasibility studies of this product in the United States.

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

Sutra Hemi Valve — Transcatheter Mitral Valve Coaptation Augmentation System

In April 2021, we entered into a stock purchase agreement with Sutra Medical Inc. ("**Sutra**"), a U.S.-based medical device company that designs and develops transcatheter solutions to treat valvular heart diseases. Sutra's key product candidate, Sutra Hemi Valve, is a trancatheter mitral valve therapeutic device that adopts a hybrid approach between valve replacement and repair technology. The device is designed to treat MR using a coaptation augmentation technology that targets only the posterior mitral valve leaflet. As of the date of this announcement, Sutra Hemi Valve is in the animal studies stage.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET Sutra Hemi Valve SUCCESSFULLY.

Transcatheter Tricuspid Valve Replacement and Repair Product Candidates

MonarQ™ — Acquired TTVR Product

We entered into an IP acquisition agreement, a service agreement and a stock purchase agreement with inQB8 Medical Technologies, LLC ("**inQB8**"), a U.S.-based medical technology incubator, in May 2021, to explore innovative solutions for treating structural heart diseases. The transaction includes our acquisition of a TTVR technology, namely MonarQ™, from inQB8, and for which inQB8 will continue to develop the device in partnership with us.

The MonarQ™ TTVR system is an innovative option for treating TR. Such system has a unique biodynamic attachment system that utilizes and preserves the heart's natural motion to secure the implant to the native leaflets, distribute systolic loads, and minimize paravalvular leaks over a wide range of annulus sizes.

As of the date of this announcement, we have successfully completed two implants with MonarQ™ for compassionate use in Europe and are planning to carry out the early feasibility studies of this product in the United States.

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

In addition, we are exploring the application of GeminiOne® TEER technology in treating tricuspid valve disease. The FIM clinical trial is currently under preparation.

Platform Technologies

We are committed to constantly exploring platform technologies that can be applied to a variety of therapies. As of the date of this announcement, we have three patented platform technologies, namely *Non-glutaraldehyde Crosslinked* Dry-tissue Technology, Polymeric Trileaflet Technology and Lithotripsy Valvuloplasty Technology.

Non-glutaraldehyde Crosslinked Dry-tissue Technology and Polymeric Trileaflet Technology are currently utilized in our third-generation TAVR product, TaurusNXT®, and our fourth-generation TAVR product, TaurusApex®. These technologies can also be utilized with other TAVR, TMVR or TTVR product candidates.

Lithotripsy Valvuloplasty Technology, currently utilized in the TaurusWave® system, is a non-implant solution to treat AS by remodeling the severe calcification. The research clinical trial of this product is currently underway. The initial results indicate the safety and efficacy of the technology. The technology can be applied on a stand-alone basis or as a pre-implantation step during the transcatheter valve replacement procedure.

Neurointerventional Products and Product Candidates

We have a comprehensive portfolio of registered and pipeline products that target both hemorrhagic and ischemic stroke markets. For the Reporting Period, our revenue generated from the sales of neurointerventional products amounted to RMB117.1 million, representing an increase of 75.6% from approximately RMB66.7 million for the six months ended June 30, 2022.

Hemorrhagic Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB32.0 million from hemorrhagic products, representing an increase of 8.4% from approximately RMB29.5 million for the six months ended June 30, 2022 and accounting for 27.3% of the total revenue of the Neurointerventional Business.

Detachable Coils: we have three registered detachable coil products with different detachment methods, namely, Jasper® Detachable Coil, Presgo® Detachable Coil, Jasper® SS Detachable Coil and NRcoil™ Detachable Coil. We received the NMPA approval for the registration application of Jasper® SS Detachable Coil in June 2021. The detachment process of Jasper® SS Detachable Coil is the same as that of the previous generation, Jasper® Detachable Coil, whereas Jasper® SS Detachable Coil is much softer in order to address specific clinical needs during the fill and finish processes of a cerebral aneurysm endovascular coiling procedure. We received the NMPA approval for the registration application of NRcoil™ Detachable Coil, our latest generation coil product which can be thermally detached, in August 2023. The coil is designed for framing, filling and finishing. It is a significant addition to our existing product offering of embolization coils, providing an alternative detachment method to physicians. As of the date of this announcement, we are preparing for the commercialization of NRcoil™ Detachable Coil.

Meanwhile, we are optimizing the performance of our current product by developing the next generation, Jasper® Detachable Coil II, based on clinical feedback.

Intracranial Adjunctive Stent: Intracranial Adjunctive Stent is indicated for use with neurovascular embolization coils in the endovascular treatment of intracranial aneurysms. Stent-assisted coil embolization allows endovascular treatment of complex shaped and wide necked intracranial aneurysms. As of the date of this announcement, the product is in the design stage.

Ischemic Products and Product Candidates

For the Reporting Period, our revenue generated from the sales of ischemic products amounted to RMB45.9 million, representing an increase of 175.5% from approximately RMB16.6 million for the six months ended June 30, 2022 and accounting for 39.1% of the total revenue of the Neurointerventional Business.

Products Designed for Treating AIS

Syphonet® Stent Retriever (formerly named as Shenyi® in English): Syphonet® Stent Retriever is an important product designed for removing thrombus in intracranial vessels in a mechanical thrombectomy procedure for patients with AIS. The product's unique design features a capture basket at the distal end, which can effectively prevent the thrombus debris from dislodging into the blood stream, thereby improving the removal of the thrombus. Additionally, the stent is designed with an optimized radial force to maintain the integrity of the lumen, even in tortuous vessels. Radiopaque wires in the stent and a radiopaque marker on the distal end allow for visualization of the entire retriever, providing physicians with better visual guidance. The Syphonet® Stent Retriever has various specifications, all compatible with 0.017-inch microcatheter. The compatibility will improve the success rate of deployment and reduce procedure time. We received the NMPA approval for the registration application of Syphonet® Stent Retriever in February 2022. As of the date of this announcement, we are continuing facilitating the commercialization of this product.

Tethys AS® Aspiration Catheter: our Tethys AS® Aspiration Catheter is specially designed for direct aspiration in mechanical thrombectomy. The 0.071-inch large lumen of the product largely increases the aspiration force, which can significantly shorten procedure time. It features a 20cm soft segment at the distal end, which conforms to the tortuous vessels and largely enhances its deliverability to the distal vessels. The optimized design of the transitional structure improves the trackability of the catheter, allowing the device to be delivered to the target vessel more easily. The entire device adopts a double-layer design with outer braids and inner coils, which allows high compressive strength and helps maintain lumen integrity. We received NMPA approval for the registration application of Tethys AS® Aspiration Catheter in May 2022. As of the date of this announcement, we are continuing facilitating the commercialization of this product.

Fluxcap® Balloon Guide Catheter: Fluxcap® Balloon Guide Catheter has 0.087-inch large lumen and is compatible with 6F intermediate catheters or aspiration catheters. The reinforced layer with transition zones leads to a balance of proximal support and distal flexibility, offering a stable passage for intracranial devices. The 0.75mm non-radiopaque segment at the tip can reduce the blind spots of the physicians and thus, improving the safety of the procedure. The compliant balloon, at its tip, can block proximal flow and effectively prevent the thrombus from dislodging into the distal vessels. We received the NMPA approval for the registration application of Fluxcap® Balloon Guide Catheter in June 2022. As of the date of this announcement, we are continuing facilitating the commercialization of this product.

With the successive launch of Syphonet® Stent Retriever, Tethys AS® Aspiration Catheter and Fluxcap® Balloon Guide Catheter, we are able to provide physicians a fully integrated solution for mechanical thrombectomy. Physicians can rely on our product combinations for different procedures, based on the clinical needs of patients.

Aspiration Catheter (Larger Lumen): Aspiration Catheter (Larger Lumen) is a product candidate for treating AIS, which is in the design stage. The product features large lumen to improve aspiration capacity and efficiency, with 8F outer diameter and 0.097-inch inner diameter.

Products Designed for Treating ICAD

SacSpeed® Balloon Dilatation Catheter: we commercially launched SacSpeed® Balloon Dilatation Catheter in the fourth quarter of 2020. The Catheter is used for dilating stenosis to help with intracranial blood supply, while treating ICAD. We also carried out the design of SacSpeed® Balloon Dilatation Catheter II, based on clinical feedback.

Fastunnel® Delivery Balloon Dilatation Catheter (formerly named as Neway Balloon Microcatheter): Fastunnel® Delivery Balloon Dilatation Catheter is designed for treating ICAD. As the first medical device in China which combines balloon dilatation and stent delivery in one device, its unique "zero exchange" technique redefines ICAD treatment. The product utilizes an integrated design combining the features of both balloon dilatation catheter and microcatheter, which can reduce the number of device exchanges and improve the safety of the procedure. The balloon uses Pebax® semi-compliant materials to achieve steady shape and safe expansion. Meanwhile, the stainless steel structure reinforces the entire device, and thus improves the trackability of the catheter and the deliverability of the intracranial stent system. In addition, the 150cm delivery system is compatible with intermediate catheters length of 135cm and below. We received the NMPA approval for the registration application of Fastunnel® Delivery Balloon Dilatation Catheter in May 2022. As of the date of this announcement, we are continuing facilitating the commercialization of this product.

Meanwhile, we are trying to optimize product performance by developing the next generation, Fastunnel® Delivery Balloon Dilatation Catheter II, based on clinical feedback.

NeuroStella® Intracranial Stent: NeuroStella® Intracranial Stent is designed for treating ICAD. The product is compatible with 0.017-inch microcatheter and is designed with optimized radial force which enables better stent apposition. As of the date of this announcement, we have completed the patient enrollment of the registration clinical trial for this product.

Vascular Access Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB38.8 million from vascular access products, representing an increase of 89.9% from approximately RMB20.4 million for the six months ended June 30, 2022 and accounting for 33.1% of the total revenue in the Neurointerventional Business.

Tethys® Intermediate Catheter: we received the NMPA approval for the registration application of Tethys® Intermediate Catheter in October 2020. Our Tethys® Intermediate Catheter assists the delivery of diagnostic devices and/or treatment devices to the neurovascular and peripheral vascular system. It is applicable in various procedures, including aneurysm embolization, mechanical thrombectomy and ICAD procedures. The catheter provides strong support and stability for the operation of microcatheters, embolization coils, stent retrievers, and balloon dilatation catheters in distal blood vessels. We also carried out the design of Tethys® Intermediate Catheter II, based on clinical feedback.

Heralder® DA Distal Access Catheter: we received the NMPA approval for the registration application of Heralder® DA Distal Access Catheter in June 2021, providing more options for the delivery of devices to different positions.

DCwire™ Micro Guidewire: we received the NMPA approval for the registration application of DCwire™ Micro Guidewire in June 2023. DCwire™ Micro Guidewire is designed based on the idea of "microstructure". The term "microstructure" refers to the design of a multi-layered micro-structured device made of multiple materials through precision manufacturing. DCwire™ Micro Guidewire has realized the manufacturing precision as well as the unique material properties of "microstructure", which allows the device to be precisely controlled and easy to super select vessels, enabling physicians build vascular access quickly and more easily during procedures.

Radial Artery Support Catheter: the Radial Artery Support Catheter is used to build access via the radial artery. The product combines delivery accuracy with better bending resistance and better support, to meet the needs for hemorrhagic and ischemic treatments via radial artery access. As of the date of this announcement, the product is in the design stage.

Other commercialized vascular access products include Presgo® Microcatheter, Presgo® Micro Guidewire and Heralder® Guide Catheter.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET THE ABOVE PRODUCTS OR PRODUCT CANDIDATES SUCCESSFULLY.

Research & Development

In-house innovation and business development opportunities are crucial to the Company's R&D pipeline. Our core R&D team is led by Dr. Yi ZHANG (Chairman and chief executive officer), Mr. Kongrong Karl PAN (chief operating officer) and Dr. Jian Fong TAN (chief technology officer). All of them are industry veterans with impressive academic and professional backgrounds, having previously worked in managerial positions at various leading players in the medical device sector.

We have extensive relationships with global leaders in both the transcatheter valve therapeutic and neurointerventional fields, including world-class scientists, physicians and industry experts. In addition to the licensing of cutting-edge technologies, we have also established overseas R&D capabilities through close collaboration:

For Sutra, the Company is the second-largest shareholder beside the founder, and has the right of first offer if Sutra proposes to offer or sell any new securities, subject to certain customary exceptions. We share R&D facilities with Sutra in the United States, and they have assisted us in expanding our R&D presence in North America. The founding team of Sutra is composed of professionals with extensive academic and industrial experience.

For inQB8, it is a medtech incubator in partnership with the Company. Under the partnership, we will have exclusive global privileges and rights to the technologies regarding the joint development of novel products and solutions in treating structural heart disease. The founding team of inQB8 has a multidisciplinary background in medtech and engineering. Before founding inQB8, the team founded CardiAQ Valve Technologies, which developed the world's first TMVR system and was later acquired by Edwards Lifesciences.

We have established close working relationship with world-class consultants, who provide services exclusively for us in China. They are heavily involved in our R&D process, contributing significantly to our innovative aortic, mitral and tricuspid valve products:

Dr. Nicolo PIAZZA is a renowned interventional cardiologist at McGill University Health Center and the German Heart Center in Munich. He has also served as either the chairman or a core team member in many premier transcatheter valve therapeutics conferences, including EuroPCR, PCR London Valves and PCR-CIT China Chengdu Valves. He is actively involved in our overseas business development, product promotion and clinical trials, including the clinical trial and technology transfer of HighLife® as well as the clinical trial of TaurusWave®.

Dr. Saibal KAR joined the Company as a consultant in September 2021. He is a world-leading doctor well-known for his research and achievements in the field of structural heart therapies, particularly in mitral repair space. Dr. Saibal KAR also serves as an external consultant for various multinational medical device companies such as Medtronic plc, Boston Scientific Corporation, and Abbott Vascular Inc. He has worked as a principal investigator in several multi-center studies and randomized studies for MitraClip™. Dr. Saibal KAR is currently advising on the R&D of our mitral edge-to-edge therapies.

Dr. Khung Keong YEO joined the Company as a consultant in April 2022. He is the deputy chief executive officer (data science and innovation) and a senior consultant with the Department of Cardiology at the National Heart Center Singapore ("**NHCS**"). Dr. YEO currently leads Asia's first MitraClip™ program at NHCS. He is advising the R&D of our mitral and tricuspid edge-to-edge repair therapies.

Suzhou SITRI Interventional Medtech Institute ("**IMI**"), an innovation incubation and investment platform dedicated to the field of vascular interventional medical devices, was established in October 2021. The IMI was proposed and funded together by the Company and with Suzhou Industrial Park Administrative Committee, Suzhou Industrial Technology Research Institute, and IMI management team. The establishment of IMI will facilitate our R&D activities by providing us with access to emerging medical device technologies that might have significant global impact, which will benefit our future business expansion.

As of June 30, 2023, we had an in-house R&D team of 143 employees dedicated to the R&D of our transcatheter valve therapeutic products and neurointerventional products.

Intellectual Property

As of June 30, 2023, we had a robust intellectual property portfolio, consisting of a total of 110 granted and valid patents and 146 patents under application. Specifically, there are 71 granted and valid patents and 101 patents under application for our Transcatheter Valve Therapeutic Business, and 39 granted and valid patents and 45 patents under application for our Neurointerventional Business.

Manufacturing

We manufacture, assemble and inspect our products at two production facilities. One is located in an 18,843.9 sq.m. self-owned properties in Suzhou, Jiangsu province, and the other one is located in an 1,188.4 sq.m. leased properties in Shanghai.

For our Neurointerventional Business, we currently manufacture Presgo® Detachable Coil, Presgo® Micro Guidewire, Presgo® Microcatheter, Jasper® Detachable Coil and Jasper® Power Supply in Shanghai. The Heralder® Guide Catheter, Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, Jasper® SS Detachable Coil, Heralder® DA Distal Access Catheter, Syphonet® Retriever Stent, Tethys AS® Aspiration Catheter, Fastunnel® Delivery Balloon Dilatation Catheter, Fluxcap® Balloon Guide Catheter and DCwire™ Micro Guidewire are manufactured in our Suzhou facility.

For our Transcatheter Valve Therapeutic Business, we have five registered products as of June 30, 2023. All of them, namely, TaurusOne®, TaurusElite®, our first and second generation TAVR products, TaurusAtlas® Transfemoral Balloon Catheter, TaurusNavi® Introducer Sheath and TaurusExplora® Pre-shaped Guidewire, are manufactured in our Suzhou facility. Our Suzhou facility is also equipped with multiple production lines dedicated to TaurusTrio™, TaurusNXT®, TaurusWave®, HighLife® and other production lines for transcatheter valve therapeutic product candidates.

We have developed the Risk Management and Control Procedures (《風險管理控制程序》) to monitor compliance with our quality control system at every phase in a product life cycle and use scientific tools to identify, analyze, evaluate and control risks to ensure the safety and efficacy of medical devices.

We have established an advanced quality management system. It is our responsibility to develop products that allow patients to enjoy healthy lives and strictly abide by the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》), Good Manufacturing Practices for Medical Devices (《醫療器械生產質量管理規範》) and other laws and regulations. Our Quality Management System is aligned to relevant laws and international standards, including GMP standards and the ISO 13485:2016 Medical devices — Quality management systems.

We have continuously expanded our production capacity to meet growing market demand. Our new headquarter in Suzhou Industrial Park with a total planned construction area of around 77,600 sq.m. is under construction. Phase I will be ready for production in the second half of 2023.

Commercialization

For our Transcatheter Valve Therapeutic Business, through well-planned internal training system and rigorous staff development plan, we have built up a professional sales and marketing team with leading expertise in academic education and marketing. Our team is comprised of:

- product specialists, who collaborate with R&D team to align product roadmap with the lifecycle of product portfolio to address unmet clinical needs;

- marketing specialists, who promote brand awareness and make connections with KOLs/hospitals, emphasizing on the optimization and iteration of product candidates;

- professional education specialists, who promote brand awareness and make connections with KOLs/hospitals emphasizing on market education;

- clinical support specialists, who provide seamless technical support and intensive involvement to ensure best patient outcome; and

- frontline sales, who stay connected with physicians and hospitals to complete sales procedure.

In addition to the sales and marketing staff as mentioned above, we also have a team of medical specialists. They are licensed physicians with extensive clinical experience and can provide full medical support for patient evaluation, procedure planning and other clinical needs.

To increase our academic influence in the industry, we have participated in domestic and international academic conferences, as well as branded academic promotion activities organized by relevant associations in the cardiovascular field. We work closely with domestic and foreign experts and scholars, to promote the adoption of TAVR technology and increase regional implantation volume. At the same time, we have created a series of Peijia branded academic programs through Yijia Institute, a professional education platform, and other digital academic media outlets. We use these academic programs to educate physicians about the Taurus-series products and increase product adoption by new and emerging hospitals:

- Yijia Institute is Peijia Medical's professional clinical education and training center that includes both online and offline channels. Yijia Institute was established to facilitate the adoption of TAVR technology through procedure demonstration, academic thematic discussion, case analysis, patient diagnosis and screening and etc.;

- Yijia Institute is equipped with facilities such as training classrooms, laboratories, operation rooms and etc. The institute can provide professional trainings, imaging trainings, live-streaming of procedures and other activities. The institute's online programs include Round Table Discussion, Cloud Classroom, Imaging interpretation competition and etc., helping more physicians to learn and communicate online;

- In June 2022, we launched the WeChat official and video accounts for Yijia Institute. As a professional education platform, the accounts provide educational resources and the latest industry information in transcatheter valve interventions. By combining resources from both theory and practice, the platform benefits the experts and physicians during their use of TAVR technologies. Yijia Institute promotes the digital dissemination of professional education and industry information in transcatheter valve interventions in China, facilitating the further development of the therapy.

The three key building blocks for accelerated commercialization of our TAVR products are: accurate product positioning and superior product performance; well rounded sales and marketing support; and a high-touch sales model covering every production stage of the product. We are dedicated to becoming the best product partner and service provider to physicians.

As of June 30, 2023, we had 199 employees dedicated to the sales and marketing of our transcatheter valve therapeutic products. Accumulatively, we have placed our products in over 410 hospitals, increasing by over 120 hospitals compared to that as of December 31, 2022.

For our Neurointerventional Business, our experienced sale and marketing team has tailored marketing strategies to maximize product visibility and penetration, based on the commercialization stage and design characteristics of each product. We work closely with KOLs and physicians in the industry. In addition to actively participating in academic and industry conferences on neurointerventional therapies, we live-streamed neoruinterventional procedures conducted by physicians from top hospitals, which effectively enhanced our product reputation and brand awareness. Moreover, based on the excellent design and performance of our products as well as unmet clinical needs and pain points, we collaborated with physicians to develop a number of innovative techniques for neurointerventional procedures, such as the BASIS (Balloon AngioplaSty with the dIstal protection of Stent retriever) technique based on the Syphonet® Stent Retriever, the Zero-Exchange technique based on the Fastunnel® Delivery Balloon Dilatation Catheter, and the TRUST (TransRadial coaxial catheter technique Using a short sheath, Simmons catheter and Tethys® intermediate catheter) technique based on Tethys® Intermediate Catheter.

In addition, we have a sales team with strong product knowledge and clinical resources. Our sales team has established extensive relationships with industry experts, physicians and hospitals, and maintained long-term cooperation with experienced distributors. As of June 30, 2023, we had 85 employees dedicated to the sales and marketing of our neurointerventional products and our distributor network covers approximately 2,100 hospitals in 31 provinces and municipalities across China.

At the same time, the Company actively embraced the national and local VBPs. Our detachable coils have won bids in the provincial and province alliance VBPs. Among them, Jasper® Detachable Coil won the bid as the third place in Group A for the 21-province alliance VBP led by Jilin province, which will accelerate the hospital admission and volume increase of this product in the cities within the alliance.

Future Outlook

In the future, we will uphold our corporate vision and continue our commitment to the development and commercialization of interventional solutions for structural heart and neurovascular diseases in China and globally. For our Transcatheter Valve Therapeutic Business, our sales and marketing team will focus on the commercialization of our registered TAVR products, including TaurusOne®and TaurusElite® to continuously increase our market share. In addition, we will continue to facilitate the clinical progress of our pipeline products in China, including TaurusNXT®, TaurusTrio™, HighLife®, GeminiOne® and MonarQ™ etc. in the hope of bringing safe and effective treatment solutions to patients. Out of China, we are planning overseas clinical trials for those product candidates which have global competencies, including MonarQ™ and GeminiOne®.

For our Neurointerventional Business, we intend to maintain the sales growth momentum through further penetration of our existing products. We will continue to increase the market share of our new ischemic products which were approved by the NMPA in the second quarter 2022 and facilitate the commercialization of our newly approved vascular access product, DCwire™ Micro Guidewire.

We will continue to enhance our pipeline, including transcatheter mitral valve/ transcatheter tricuspid valve treatment device, and other transcatheter valve therapeutic and neurointerventional product candidates; strengthening our in-house R&D capabilities while seeking deeper cooperation and strategic partnership around the globe. We will continue to strengthen our international patent portfolio and further advance our globalization strategy.

II. FINANCIAL REVIEW

Revenue

For the Reporting Period, our Group's revenue was RMB224.9 million, representing an increase of 89.3% as compared to RMB118.8 million for the six months ended June 30, 2022. Revenue from Neurointerventional Business and Transcatheter Valve Therapeutic Business were RMB117.1 million and RMB107.7 million, representing an increase of 75.6% and 106.8% as compared to RMB66.7 million and RMB52.1 million for the six months ended June 30, 2022, respectively.

The increase in revenue was primarily attributable to: (i) commercialization of transcatheter aortic valve replacement products, of which the revenue increased by RMB50.5 million; (ii) increase of sales volume of Tethys® Intermediate Catheter, of which the revenue increased by RMB17.5 million; and (iii) increase of sales volume of Syphonet® Stent Retriever, of which the revenue increased by RMB11.7 million; and (iv) increase of sales volume of SacSpeed® Balloon Dilatation Catheter, of which the revenue increased by RMB10.4 million; and (v) increase of sales volume of Fastunnel® Delivery Balloon Dilatation Catheter, of which the revenue increased by RMB5.4 million.

The following table sets forth a breakdown of our revenue generated from Neurointerventional Business for the periods indicated:

	Six months ended June 30,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Ischemic	**45,857**	**39.1**	16,647	25.0
Vascular Access	**38,758**	**33.1**	20,414	30.6
Hemorrhagic	**31,958**	**27.3**	29,490	44.2
Others	**572**	**0.5**	145	0.2
Total	**117,145**	**100.0**	66,696	100.0

Cost of Sales

For the Reporting Period, our Group's cost of sales was RMB51.9 million, representing an increase of 45.8% as compared to RMB35.6 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in the material costs, labor costs and overheads as a result of the increased sales volume of the Transcatheter Valve Therapeutic Business and Neurointerventional Business.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, our Group's gross profit increased by 107.9%, from RMB83.2 million for the six months ended June 30, 2022 to RMB173.0 million for the Reporting Period, in line with the increase in revenue. Gross profit margin is calculated as gross profit divided by revenue and multiplying the result by 100%. Our Group's gross profit margin was 76.9% for the Reporting Period, as compared to 70.0% for the six months ended June 30, 2022.

Selling and Distribution Expenses

Selling and distribution expenses increased by 85.7% from RMB92.7 million for the six months ended June 30, 2022 to RMB172.1 million for the Reporting Period. Such increase was primarily attributable to (i) promotion for new products; (ii) the increase in market education, development of multi-sales channels, which was in line with the increase of revenue; (iii) increase in the headcount of sales and marketing team to expand the market in Mainland China.

Administrative Expenses

Administrative expenses increased by 4.7% from RMB59.6 million for the six months ended June 30, 2022 to RMB62.4 million for the Reporting Period. The increase was primarily attributable to increase in staff costs.

Research and Development Expenses

Research and development expenses increased by 105.3% from RMB83.4 million for the six months ended June 30, 2022 to RMB171.3 million for the Reporting Period. Such increase was primarily attributable to the service expenses paid for the research and development of TAVR products.

For the Reporting Period, R&D investment in Transcatheter Valve Therapeutic Business and Neurointerventional Business amounted to RMB145.8 million and RMB25.5 million, respectively. The following table sets forth the components of research and development expenses for the periods indicated:

	Six months ended June 30,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Service expenses for research and development	**103,109**	**60.2**	25,488	30.6
Employee benefits expenses	**37,607**	**22.0**	35,082	42.1
Raw materials and consumables used	**23,064**	**13.5**	17,513	21.0
Depreciation and amortization	**4,396**	**2.6**	3,126	3.7
Other	**3,119**	**1.7**	2,219	2.6
Total	**171,295**	**100.0**	83,428	100.0

Finance Income

Finance income increased from RMB18.1 million for the six months ended June 30, 2022 to RMB22.0 million for the Reporting Period. The increase was mainly due to the bank interest income.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As of June 30, 2023, the gearing ratio of our Group decreased to 15.7% from 25.7% as of December 31, 2022. The decrease was primarily attributable to the payment for certain business development project, of which certain milestone achieved for the year ended December 31, 2022 and corresponding payments were settled for the Reporting Period.

Net Current Assets

As of June 30, 2023, our Group's net current assets were RMB1,217.4 million, as compared with RMB1,429.4 million as of December 31, 2022.

Borrowings

As of June 30, 2023, our Group's borrowings which bore interest rates of 3.8%-3.85% were RMB184.1 million, as compared with RMB126.8 million as of December 31, 2022, consisting of RMB70.8 million of a long-term borrowing which bore an interest rate of 3.8%-3.85% and RMB56.0 million of a short-term borrowing which bore an interest rate of 3.58%. The purpose of the long-term borrowing was for financing the construction of the new headquarter.

Capital Management

The primary goal of our Group's capital management is to maintain our Group's stability and growth, safeguard its normal operations and maximize shareholders' value. Our Group reviews and manages its capital structure on a regular basis. Timely adjustments are made in light of changes in operating and market conditions.

Liquidity and Financial Resources

As of June 30, 2023, our Group's total cash, cash equivalents and term deposits amounted to approximately RMB1,162.6 million, representing a decrease of 36.8% as compared to RMB1,839.7 million as of December 31, 2022. Our Group continues to maintain a strong financial position and is confident that it has sufficient funds to meet its daily business operation requirements.

We rely on capital contributions by our shareholders as the major sources of liquidity. We also generate cash from our sales of existing commercialized products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing 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, and improving cost control and operating efficiency.

Our Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimize the cost of funds, our Group's treasury is centralized. Cash is generally placed in deposits mostly denominated in U.S. Dollars, Hong Kong dollars and RMB. Our Group's liquidity and financing requirements are reviewed regularly.

Capital Expenditure

For the Reporting Period, our Group's total capital expenditure amounted to approximately RMB246.6 million, which was mainly used in (i) the construction of new headquarter; (ii) equipment procurement; and (iii) technologies.

Significant Investment

On May 26, 2021, our Group acquired 50% equity interests of inQB8 for a consideration of approximately US$23.0 million. As of June 30, 2023, our Company's ownership of inQB8 was 50%. As of June 30, 2023, the fair value of the equity interests held by our Group in inQB8 amounted to approximately RMB166.2 million, representing approximately 5.88% of our Group's total asset as of June 30, 2023. Our Group recorded a gain on fair value change of approximately RMB6.0 million for the Reporting Period and no dividend was received for the Reporting Period.

inQB8 is a medical device incubator company headquartered in Massachusetts, USA, exploring and developing new solutions for major cardiovascular diseases, including structural heart disease, type A aortic dissection, HFpEF and HFmrEF. inQB8 incubates and proceeds various start-up projects through prototype design, bench testing, and preclinical testing, allowing these early concepts to develop within inQB8 until the project is acquired or grown into an independent cardiovascular company. At present, inQB8 is in strategic cooperation with our Group to develop an innovative product for treating TR, MonarQ™ TTVR system. They have completed first patient implant for compassionate use in Denmark in November 2022.

Save as disclosed in this announcement, our Group did not hold any significant investments in any other companies' equity interest during the Reporting Period.

Contingent Liabilities

As of June 30, 2023, our Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

For the Reporting Period, our Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As of June 30, 2023, a land use right and a building under construction of our Group with carrying amounts of RMB9.4 million and RMB258.3 million, respectively, have been mortgaged for a long-term bank borrowing.

Future Plan for Material Investment and Capital Assets

Save as disclosed in the Prospectus, this announcement and other announcements and circulars published by the Company up to the date of this announcement, the Group does not have other plans for material investments and capital assets for Reporting Period and up to the date of this announcement.

Foreign Exchange Exposure

Our Group has transactional currency exposures. Certain cash and cash equivalents as well as financial assets at fair value through profit or loss are dominated in foreign currencies and are exposed to foreign currency risk. Our management monitors foreign exchange exposure and the Company has entered into several forward exchange settlement agreements with reputable banks to hedge exchange rate risks.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Net proceeds from the Global Offering and the Listing on the Listing Date, and the full exercise of the Over-allotment Option, after deduction of the underwriting fees and commissions and expenses of the Company in connection with the Global Offering was approximately HK$2,587.98 million. Our Group would apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

The table below sets forth the utilization of the net proceeds from the Global Offering and the expected timeline of the unutilized amount as of June 30, 2023:

Business objective as stated in the Prospectus	**Percentage to total amount**	**Net proceeds**	**Unutilized amount as of December 31, 2022**	**Utilized amount during the Reporting Period**	**Unutilized amount as of June 30, 2023**	**Expected timeline for unutilized amount**
	%	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	1,160.31	257.53	902.78	Yr 2025
Ongoing pre-clinical studies and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of our other product candidates in our pipeline	10	258.80	0	0	0	—
Strengthen our research and development capabilities to enrich our product pipeline	8	207.04	127.40	24.58	102.82	Yr 2024
Expand our product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities	10	258.80	0	0	0	—
Working capital and other general corporate purposes	7	181.16	0	0	0	—
Total	100	2,587.98	1,287.71	282.11	1,005.60	

Note: The expected timeline for utilization of the unutilized net proceeds above is based on the Company's best estimation and is subject to change based on the future development of market conditions.

As of June 30, 2023, net proceeds from the Global Offering not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

USE OF PROCEEDS FROM THE PLACING

On January 22, 2021, the Company entered into the Placing Agreement with Morgan Stanley & Co. International plc, pursuant to which the Company appointed Morgan Stanley & Co. International plc as its placing agent to procure not less than six Placees who are Independent Third Parties to subscribe up to 33,800,000 Placing Shares at the placing price of HK$29.38 per Placing Share in accordance with the terms and conditions of the Placing Agreement. The net placing price per Placing Share after deducting related fees and expenses is approximately HK$28.74 per Share. The Placing Shares had a market value of approximately HK$1,012.31 million based on the closing price of HK$29.95 per Share as of January 21, 2021 and an aggregate nominal value of US$3,380.

The Placing Shares represented approximately 5.3% of the existing issued share capital of the Company as of the Placing Agreement date, and approximately 5.1% of the enlarged issued share capital of the Company immediately following the completion of the Placing.

The Placing was completed on January 29, 2021. An aggregate of 33,800,000 Placing Shares have been successfully placed to no less than six Placees. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are professional, institutional, or other investors who are Independent Third Parties. The net proceeds from the Placing were approximately HK$971.48 million, of which the intended use was set out in the announcement of the Company dated January 22, 2021. The Placing was being undertaken to strengthen the Group's financial position and for the long term funding of its business, expansion and growth plan.

The table below sets forth the utilization of the net proceeds from the Placing and the expected timeline of the unutilized amount as of June 30, 2023:

Business objective as stated in the announcement of the Company dated January 22, 2021	**Percentage to total amount** *%*	**Net proceeds** *HK$ million*	**Unutilized amount as of December 31, 2022** *HK$ million*	**Utilized amount during the Reporting Period** *HK$ million*	**Unutilized amount as of June 30, 2023** *HK$ million*	**Expected timeline for unutilized amount**
To fund potential product licensing and possible merger and acquisition opportunities in the area of mitral valve replacement and repair treatment, including a collaboration and license agreement for transeptal mitral valve replacement with HighLife SAS dated December 18, 2020 (for further details, please refer to the voluntary announcement of the Company, published on December 21, 2020)	30	291.44	25.31	0	25.31	Yr 2025
To fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment	40	388.59	118.64	118.64	0	—
To fund ongoing technology transfer, product development, and research and development, across the Group	25	242.87	155.53	155.53	0	—
For other general corporate purposes	5	48.58	48.58	0	48.58	Yr 2025
Total	100	971.48	348.06	274.17	73.89	

Note: The expected timeline for utilization of the unutilized net proceeds from the Placing above is based on the Company's best estimation and is subject to change based on the future development of market conditions.

As of June 30, 2023, net proceeds from the Placing not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

HUMAN RESOURCES

As of June 30, 2023, our Group had 1,006 employees, all of whom were based in China. Our Group's total employee benefits for the Reporting Period were approximately RMB159.4 million, consisted of (i) wages, salaries and bonuses, (ii) social security costs and housing benefits, (iii) employee welfare and (iv) share-based compensation expenses.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant position. We invest in continuing education programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salaries, promotion and career development.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination.

In addition, we are required under PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, our Group is not aware of any material subsequent events after the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended June 30, 2022: nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions as set out in the CG Code, as its own code to govern its corporate governance practices.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Dr. Zhang is the chairman of the Board and chief executive officer of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Dr. Zhang is in charge of overall management, business, strategic development and scientific R&D of our Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Dr. Zhang), four non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2023. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of our Group during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As of June 30, 2023, the trustee of the RSU Scheme has purchased an aggregate of 5,859,000 Shares (representing approximately 0.8631% of the total issued share capital of the Company) under the RSU Scheme.

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the six months ended June 30, 2023

	Note	Six months ended June 30,	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**224,871**	118,799
Cost of sales	*6*	**(51,914)**	(35,597)
Gross profit		**172,957**	83,202
Selling and distribution expenses	*6*	**(172,093)**	(92,670)
Administrative expenses	*6*	**(62,383)**	(59,609)
Research and development expenses	*6*	**(171,295)**	(83,428)
Other income	*7*	**2,709**	2,195
Other (losses)/gains — net	*8*	**(3,202)**	41,557
Operating loss		**(233,307)**	(108,753)
Finance income	*9*	**21,965**	18,080
Finance costs	*9*	**(131)**	(1,121)
Finance income — net		**21,834**	16,959
Loss before income tax		**(211,473)**	(91,794)
Income tax expense	*10*	**(602)**	(192)
Loss for the period		**(212,075)**	(91,986)
Loss is attributable to:			
Owners of the Company		**(212,061)**	(91,986)
Non-controlling interests		**(14)**	—
		(212,075)	(91,986)
Other comprehensive income for the period		**—**	—
Total comprehensive loss for the period		**(212,075)**	(91,986)

	Note	Six months ended June 30,	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		**(212,061)**	(91,986)
Non-controlling interests		**(14)**	—
		(212,075)	(91,986)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share *(in RMB per share)*	*11*	**(0.31)**	(0.14)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2023

	Note	**June 30, 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Right-of-use assets		**20,628**	21,620
Property, plant and equipment		**415,479**	305,819
Investment properties		**—**	7,008
Intangible assets		**533,916**	538,950
Investment accounted for using equity method		**12,162**	333
Other receivables	*13*	**14,279**	13,825
Prepayments		**10,205**	6,318
Term deposits		**170,000**	170,000
Financial assets at fair value through profit or loss		**276,025**	245,153
Total non-current assets		**1,452,694**	1,309,026
Current assets			
Inventories		**167,826**	127,184
Financial assets at fair value through profit or loss		**76,405**	71,564
Trade and other receivables	*13*	**84,865**	77,726
Prepayments		**54,307**	61,309
Cash and cash equivalents		**992,627**	1,669,665
Total current assets		**1,376,030**	2,007,448
Total assets		**2,828,724**	3,316,474
EQUITY AND LIABILITIES			
Share capital and share premium		**6,359,555**	6,369,548
Treasury shares held in a trust		**(57,461)**	(82,739)
Other reserves		**67,278**	63,617
Accumulated losses		**(3,924,872)**	(3,712,811)
Equity attribute to owners of the Company		**2,444,500**	2,637,615
Non-controlling interests		**(14)**	*
Total equity		**2,444,486**	2,637,615

	Note	**June 30, 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		**905**	2,152
Deferred tax liabilities		**20,320**	20,320
Borrowings		**184,137**	70,770
Other payables	*14*	**6,971**	5,874
Deferred income		**13,302**	1,720
Total non-current liabilities		**225,635**	100,836
Current liabilities			
Lease liabilities		**2,833**	2,892
Borrowings		**—**	56,061
Trade and other payables	*14*	**155,770**	519,070
Total current liabilities		**158,603**	578,023
Total liabilities		**384,238**	678,859
Total equity and liabilities		**2,828,724**	3,316,474

* *The non-controlling interests is less than RMB1,000.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

1 GENERAL INFORMATION

Peijia Medical Limited (the "**Company**", or "**Peijia Medical**") was incorporated in the Cayman Islands on May 30, 2012 as an exempted company with limited liability under the Company Law of the Cayman Islands. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of (i) research and development, manufacturing and sales of transcatheter valve therapeutic medical devices ("**Transcatheter Valve Therapeutic Business**") and (ii) research and development, manufacturing and sales of neurointerventional procedural medical devices ("**Neurointerventional Business**") in the People's Republic of China (the "**PRC**") and other countries. Transcatheter Valve Therapeutic Business is primarily operated by the subsidiaries of the Company mainly comprising of Peijia Medical Technology (Suzhou) Co., Ltd. ("**Peijia Suzhou**") and Peijia Medical Technology (Shanghai) Co., Ltd. ("**Peijia Shanghai**"), and Neurointerventional Business is primarily operated by Achieva Medical Limited ("**Achieva Medical**") together with its subsidiaries ("**Achieva Group**").

The address of the Company's registered office is Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010 Cayman Islands.

The Company's shares have been listed on the main board of the Stock Exchange of Hong Kong Limited since May 15, 2020.

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**"). This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the half-year reporting period ended June 30, 2023 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2022 and any public announcements made by the Company during the interim reporting period.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

Following amended standards became applicable for the current reporting period:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) New standards and interpretations not yet adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group for the six months ended June 30, 2023 are as follows:

		Effective date
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in sale and leaseback	1 January 2024

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group's operation.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

4 SEGMENT

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the Chief Operating Decision-Maker ("**CODM**"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

The CODM assessed the performance of the operation segments mainly based on segment revenues, cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses of each operation segment. Thus, segment result would present revenues, cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses for each segment, which is in line with CODM's performance review.

As a result of this evaluation, the Group determined that it has operating segments as follows:

Transcatheter Valve Therapeutic Business

Transcatheter Valve Therapeutic Business is primarily operated by the subsidiaries of the Company mainly comprising of Peijia Suzhou and Peijia Shanghai, which is engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic medical devices.

Neurointerventional Business

Neurointerventional Business is primarily operated by Achieva Medical together with its subsidiaries, which is engaged in the business of research and development, manufacturing and sales of neurointerventional procedural medical devices.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

The revenue is mainly generated in China.

The segment information provided to the Group's CODM for reportable segments for the six months ended June 30, 2023 and 2022 is as follows:

	Six months ended June 30, 2023		
	Transcatheter Valve Therapeutic Business	**Neurointerventional Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue	**107,726**	**117,145**	**224,871**
Cost of sales	**(13,930)**	**(37,984)**	**(51,914)**
Selling and distribution expenses	**(126,863)**	**(45,230)**	**(172,093)**
Administrative expenses	**(49,414)**	**(12,969)**	**(62,383)**
Research and development expenses	**(145,818)**	**(25,477)**	**(171,295)**
Segment loss	**(228,299)**	**(4,515)**	**(232,814)**

	Six months ended June 30, 2022		
	Transcatheter Valve Therapeutic Business	Neurointerventional Business	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	52,103	66,696	118,799
Cost of sales	(11,365)	(24,232)	(35,597)
Selling and distribution expenses	(67,306)	(25,364)	(92,670)
Administrative expenses	(42,372)	(17,237)	(59,609)
Research and development expenses	(58,436)	(24,992)	(83,428)
Segment loss	(127,376)	(25,129)	(152,505)

5 REVENUE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— at a point in time	**224,871**	118,799

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Change of work in process and finished goods	**(3,570)**	(9,087)
Raw materials and consumables used	**54,348**	35,057
Employee benefits expenses	**159,402**	121,739
Service expenses for research and development	**103,109**	26,652
Promotion expenses	**36,022**	21,133
Professional services	**25,096**	14,558
Insurance expenses	**23,169**	14,114
Travelling and transportation expenses	**11,557**	4,466
Depreciation of property, plant and equipment	**11,292**	9,842
Entertainment expenses	**9,174**	6,170
Utilities and office expenses	**7,967**	8,208
Amortisation of intangible assets	**7,065**	6,025
Depreciation and amortisation of right-of-use assets	**1,704**	1,592
Auditor's remuneration	**2,025**	1,930
Depreciation and amortisation of investment properties	**270**	270
Others	**9,055**	8,635
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	**457,685**	271,304

7 OTHER INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**2,126**	1,743
Rental income	**583**	452
	2,709	2,195

8 OTHER (LOSSES)/GAINS — NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gains	**23,999**	60,900
Fair value gains on financial assets at fair value through profit or loss	**2,179**	—
Loss from foreign exchange forward contracts — net	**(28,045)**	(18,982)
Share of losses of associates	**(171)**	—
Losses on disposal of property, plant and equipment	**(91)**	—
Losses on early termination of operating lease	**—**	(397)
Others	**(1,073)**	36
	(3,202)	41,557

9 FINANCE INCOME — NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income:		
Interest income	**21,965**	18,080
Finance costs:		
Interest expense on lease liabilities	**(115)**	(141)
Interest expense on bank borrowings	**(16)**	(980)
	(131)	(1,121)
Finance income — net	**21,834**	16,959

10 INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**(602)**	(192)
Deferred income tax	**—**	—
Income tax expense	**(602)**	(192)

The Group's principal applicable taxes and tax rates are as follows:

(a) Mainland China

No provision for Mainland China income tax has been provided for except for one subsidiary which has been provided for at a rate of 20% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**").

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175%–200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that period.

(b) Hong Kong

No provision for Hong Kong profits tax has been provided for except for one subsidiary which has been provided for at a rate of 8.25%.

(c) The income tax of the holding entities incorporated in United States are calculated based on the net assets and an income tax rate of 0.26%.

(d) Entities incorporated in other places are subject to income tax rates of 0% prevailing in the places in which the Group operated.

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the period.

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Numerator:		
Loss attributable to owners of the Company (RMB'000)	**(212,061)**	(91,986)
Denominator:		
Weighted average number of ordinary shares in issue (in thousands)	**677,414**	672,171
Basic loss per share (RMB)	**(0.31)**	(0.14)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months period ended June 30, 2023 and 2022, the Company had one category of potential ordinary shares: the stock options granted to employees. As the Group incurred losses for the six months periods ended June 30, 2023 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti–dilutive. Accordingly, diluted loss per share for the respective six months periods ended June 30, 2023 and 2022 are the same as basic loss per share.

12 DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended June 30, 2023 (unaudited) (six months ended June 30, 2022: nil (unaudited)).

13 TRADE AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from		
— third parties (a)	**12,253**	12,595
Other receivables from		
— employees	**17,527**	16,159
— related party	**8,748**	8,748
— third parties	**3,062**	8,498
Loans to employees (b)	**28,529**	13,825
Value-added tax recoverable	**845**	12,683
Interest receivables	**17,427**	10,302
Deposits	**1,903**	1,868
Others	**8,850**	6,873
Total	**99,144**	91,551
Less: non-current portion	**(14,279)**	(13,825)
Current portion	**84,865**	77,726

(a) Trade receivables are with credit terms of 60 days. As at June 30, 2023 and December 31, 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not overdue	**12,253**	12,595

(b) For the six months ended June 30, 2023, the Group has provided loans with the nominal value of HKD8,000,000 (equivalent to RMB6,901,000) and RMB8,000,000, respectively, to certain key management personnel. These loans were interest-free and will be repayable in January and February 2025, respectively.

For the six months ended June 30, 2022, the Group has provided a loan with the nominal value of HKD16,000,000 (equivalent to RMB13,025,000) to certain key management personnel. The loan was interest-free and will be repayable in March 2024.

As at June 30, 2023 and December 31, 2022, loans to key management personnel were measured at amortised cost and the variance between the nominal value and the amortised cost were recorded as compensation to the key management personnel.

14 TRADE AND OTHER PAYABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables to		
— related party	**443**	—
— third parties	**14,163**	361,580
Other payables to		
— third parties	**91,063**	97,620
Staff salaries, bonus and welfare payables	**34,111**	41,434
Liabilities arising from share-based payments with cash alternative	**11,497**	9,045
Tax payable	**11,464**	15,265
Total	**162,741**	524,944
Less: non-current position	**(6,971)**	(5,874)
Current position	**155,770**	519,070

An ageing analysis of the trade payables based on the invoice date, is as follows:

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**14,595**	361,444
Between 1 year and 2 years	**—**	6
Between 2 year and 5 years	**11**	130
	14,606	361,580

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. As of the date of this announcement, the Audit Committee comprises one non-executive Director, namely Mr. Jifeng GUAN, and three independent non-executive Directors, namely, Mr. Robert Ralph PARKS, Mr. Wai Ming YIP and Mr. Huacheng WEI. Mr. Wai Ming YIP is the chairman of the Audit Committee.

The Audit Committee has held relevant discussions with the Company's management, and reviewed the unaudited interim financial statements of the Group for the Reporting Period. The Audit Committee considered that the interim results of the Group for the Reporting Period are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.peijiamedical.com). The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to thank all the colleagues for their diligence, dedication, loyalty and integrity and thank all our Shareholders, customers, bankers and other business associates for their trust and support.

DEFINITIONS

In this interim results announcement, the following expressions shall have the meanings set out below, unless the context otherwise requires:

"Achieva Group"	includes Achieva Medical and its subsidiaries
"Achieva Medical"	Achieva Medical Limited, an exempt limited liability company incorporated under the laws of the Cayman Islands on November 2, 2005, being a wholly-owned subsidiary of our Company

"AIS"	acute ischemic stroke, a disease occurs when the blood flow through the cerebral areries is blocked by a clot (i.e., a large amount of thickened blood)
"aortic valve"	a valve in the human heart between the left ventricle and the aorta
"AR"	aortic regurgitation
"AS"	aortic stenosis
"Audit Committee"	the audit committee of the Board
"BD"	business development
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CODM"	chief operating decision-maker
"Company" or "our Company"	Peijia Medical Limited (沛嘉醫療有限公司), an exempt limited liability company incorporated under the laws of the Cayman Islands on May 30, 2012
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this announcement, refers to TaurusOne®
"delivery catheter system"	an integral delivery catheter with a tip, a sheath tube, a catheter and a handle system used to deliver and release the PAV to the target position
"Director(s)"	the director(s) of the Company
"Dr. Zhang"	Dr. Yi ZHANG, one of our Founders, and our chairman, chief executive officer, an executive Director of our Company and our substantial shareholder upon Listing
"FIM"	First-in-man, a stage of clinical trial

"Global Offering"	has the meaning as ascribed to it under the Prospectus
"Group," "our Group," "our," "we," or "us"	our Company and all of its subsidiaries (including but not limited to Achieva Group), or any one of them as the context may require or, where the context refers to any time prior to its incorporation or the Share Swap, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"ICAD"	intracranial atherosclerotic disease, a disease occurs when plaque (cholesterol, fatty deposits and other materials) builds up in the blood vessels at the base of the brain, causing them to narrow and harden
"ICAS-LVO"	intracranial atherosclerosis-related large vascular occlusion
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of our Company under the Listing Rules
"KOL(s)"	Key Opinion Leader(s), renowned physicians that are able to influence their peers' medical practice
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, Friday, May 15, 2020, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"LVOT"	left ventricular outflow tract, the anatomic structure through which the left ventricular stroke volume passes towards the aorta
"mechanical thrombectomy"	a type of minimally-invasive therapy in which blood clot is removed from arteries using imaging techniques guiding medical devices through patients' arteries to the blood clot
"mitral valve"	the valve that lets blood flow from one chamber of the heart, the left atrium, to another called the left ventricle
"microstructure"	the design of a multi-layered micro-structured device made of multiple materials through precision manufacturing
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MR"	mitral regurgitation
"Neurointerventional Business"	the business of our Group in research and development of neurointerventional procedural medical devices
"neurointerventional procedural medical devices"	medical devices for treatment of neurovascular diseases using interventional endovascular technique
"neurovascular diseases"	also known as cerebrovascular diseases, including any abnormality of the blood vessels within the brain and spine or abnormality with supplying blood to such areas
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), formerly known as the China Food and Drug Administration or the CFDA
"Over-allotment Option"	has the meaning as ascribed to it under the Prospectus
"PAV"	prosthetic aortic valve, the artificial valve of our TAVR Products
"Peijia Shanghai"	Peijia Medical Technology (Shanghai) Co., Ltd. (沛嘉醫療科技(上海)有限公司), a limited liability company incorporated under the laws of PRC on February 24, 2012, being an indirect wholly-owned subsidiary of our Company

"Peijia Suzhou"	Peijia Medical Technology (Suzhou) Co., Ltd. (沛嘉醫療科技(蘇州)有限公司), a limited liability company incorporated under the laws of PRC on March 4, 2013, being an indirect wholly-owned subsidiary of our Company
"Placee(s)"	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of 33,800,000 Placing Shares pursuant to the terms of the Placing Agreement
"Placing Agreement"	the conditional placing agreement entered into between the Company and Morgan Stanley & Co. International plc dated January 22, 2021 in relation to the Placing
"Prospectus"	the prospectus of the Company dated May 5, 2020, in relation to the Global Offering
"PTAS"	percutaneous transluminal angioplasty and stenting, a minimally invasive procedure used to open a blocked artery
"Reporting Period"	the six months ended June 30, 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit award scheme of the Company conditionally approved and adopted by our Shareholders on April 28, 2020, the principal terms of which are set out in Prospectus
"R&D"	research and development
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter, a unit of area
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"TAVR"	transcatheter aortic valve replacement, a catheter-based technique to implant a new aortic valve in an interventional procedure that does not involve open-chest surgery
"TEER"	transcatheter edge-to-edge repair
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"Transcatheter Valve Therapeutic Business"	the business of our Group in research and development of transcatheter valve therapeutic medical devices
"transcatheter valve therapeutic medical devices"	medical devices for the treatment of valvular heart diseases using cardiovascular interventional technique by implanting a prosthetic valve through an artery
"TR"	tricuspid regurgitation
"tricuspid valve"	the valve on the right dorsal side of the mammalian heart, between the right atrium and the right ventricle, the function of which is to prevent back flow of blood from the right ventricle into the right atriums
"TSMVR"	transseptal mitral value replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery through transseptal puncture approach
"TTVR"	transcatheter tricuspid valve replacement, a catheterbased technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States

"valvular heart diseases"	the failure or dysfunction of one or more of the four heart valves, where the valves become too narrow and hardened to open fully, or are unable to close completely
"valvuloplasty"	a procedure using balloons to repair a heart valve with a narrowed opening and to improve blood flow through the valve
"VBP" or "volume-based procurement"	a program that enables local governments to procure medical devices in high volume and at low cost, thereby driving down medical expenses for patients
"%"	per cent

By order of the Board
Peijia Medical Limited
Dr. Yi Zhang
Chairman and Executive Director

Hong Kong, August 31, 2023

As of the date of this announcement, the Board comprises Dr. Yi ZHANG, Mrs. Ping Ye ZHANG and Ms. Hong YE as executive Directors, Dr. Zhiyun YU, Mr. Jifeng GUAN, Mr. Fei CHEN and Mr. Jun YANG as non-executive Directors, and Dr. Stephen Newman OESTERLE, Mr. Robert Ralph PARKS, Mr. Wai Ming YIP and Mr. Huacheng WEI as independent non-executive Directors.