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Peijia Medical Limited
沛嘉醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9996)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The Board announces the unaudited consolidated results of the Group for the year ended December 31, 2023, together with the audited comparative figures for the year ended December 31, 2022.

UNAUDITED FINANCIAL HIGHLIGHTS

	Year ended December 31,		Year-on-year change
	2023	2022	
	RMB'000	*RMB'000*	
	(Unaudited)	(Audited)	
Revenue	**441,126**	250,833	**75.9%**
Gross profit	**325,370**	176,201	**84.7%**
Loss before income tax	**(391,501)**	(398,235)	**–1.7%**
Loss for the period and attributable to the owners of the Company	**(392,525)**	(407,809)	**–3.7%**
Cash, cash equivalents and term deposits	**965,768**	1,839,665	**–47.5%**
Research and development expenses	**(293,420)**	(373,127)	**–21.4%**
Including: One-time BD expenses*	**(87,922)**	(226,111)	**–61.1%**

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

BUSINESS HIGHLIGHTS

1. WE CONTINUED TO STRENGTHEN OUR POSITION IN THE CHINESE TAVR MARKET THROUGH EXCEPTIONAL PRODUCT PERFORMANCE AND EFFECTIVE MARKETING STRATEGIES, EXPANDING OUR HOSPITAL COVERAGE AND MARKET SHARE.

With the recovery of procedure volume in the market and the increase in unit production of the sales team, implantation volume of the Company's TAVR products have increased significantly, leading to further gains in market share. During the Reporting Period, our first-and second-generation TAVR products were utilized in approximately 200 new hospitals, bringing total penetration to nearly 500 hospitals. During the year, the terminal implantation volume of the Company's TAVR products was 2,484 units, which is more than double the implantation volume in 2022. This has allowed us to achieve an over 20% share of the Chinese TAVR market.

2. WE ACCELERATED THE PROGRESS OF MULTIPLE REGISTRATION CLINICAL TRIALS AND PRODUCT MILESTONES THROUGHOUT THE YEAR, ESTABLISHING A PRODUCT LADDER FOR LONG-TERM COMPETITION.

During the Reporting Period, we made significant progress in the research and development of pipeline products. In our aortic valve product line, we expedited the registration clinical trials for TaurusTrio™, the in-licensed JenaValve Trilogy™ Transcatheter Heart Valve ("**THV**") System designed for AR, and TaurusNXT®, our internally developed third-generation durability-enhanced TAVR product. As of the date of this announcement, patient enrollment has been completed for both trials and patient follow-up is ongoing. Specially, in July 2023, we launched the multi-center registration clinical trial for TaurusTrio™, enrolling a total of 116 AR patients in six months and finished ahead of enrollment schedule targets. In addition, we have successfully completed the technology transfer from JenaValve and established local manufacturing facilities at our new headquarters in Suzhou to produce the product independently. In the mitral and tricuspid valve product lines, we have been steadily advancing the research and development progress of each product. Among them, the registration clinical trial for GeminiOne®, our internally developed TEER device, was progressing as planned with patient enrollment expected to be completed by mid-2024. The registration clinical trial for HighLife®, our in-licensed TSMVR system, was also progressing smoothly.

Globally, in May 2023, we launched Trilogy™ THV System in Hong Kong. In addition, in October 2023, the early clinical findings of GeminiOne® and our novel TTVR product MonarQ™ were presented at the 2023 Transcatheter Cardiovasvular Therapeutics ("**TCT**") conference with preparations now being made to conduct early feasibility studies in the United States.

3. WE TOOK ADVANTAGE OF THE OPPORTUNITIES FOR DOMESTIC REPLACEMENT AND STROKE CENTER CONSTRUCTION TO INCREASE OUR NEUROINTERVENTIONAL PRODUCTS MARKET SHARE AND IMPROVE SEGMENT REVENUE AND GROSS PROFIT.

During the Reporting Period, our Neurointerventional Business recorded a segment revenue of RMB255.6 million, representing a significantly better-than-expected year-over-year increase of 78.1%. Gross profit for the segment increased 83.4% year-over-year to RMB166.4 million. The gains were mainly attributed to the following:

(i) sales volume of our coil products increased significantly as a result of the implementation of VBPs in the provinces where we had won bids, especially the 21-province alliance VBP led by Jilin province; and

(ii) sales volume of our existing and newly approved ischemic and vascular access products increased significantly as a result of our professional marketing activities and the quick penetration of neurointerventional procedures following the construction of stroke centers.

As of the date of this announcement, our Neurointerventional Business has a mature and balanced product mix with sixteen commercialized products and nine product candidates. We are able to provide a variety of treatment solutions for all major types of strokes. During the Reporting Period, our hemorrhagic, ischemic and vascular access products accounted for 32.1%, 33.6% and 34.1% (39.4%, 27.6% and 32.9% for the year ended December 31, 2022) of the segment revenue, respectively.

4. WE FURTHER STRENGTHENED OUR COOPERATION BETWEEN MEDICAL PROFESSIONALS AND ENGINEERS, DEVELOPING INNOVATIVE PROCEDURAL TECHNIQUES BASED ON PRODUCT DESIGN AND PERFORMANCE TO ENHANCE BRAND RECOGNITION AND REPUTATION.

Based on the superior design and performance of our products, we have collaborated with physicians to develop a variety of innovative techniques for neurointerventional procedures that directly address unmet clinical needs and pain points. As of the date of this announcement, we have developed ten procedure techniques targeting at complex cases in aneurysm embolism, intracranial atherosclerosis and trans-radial access, etc. Please refer to page 35 of this announcement for details.

The utilization of these advanced techniques enhanced the physician's experience and the efficacy of the procedures, resulting in greater benefits for patients. Additionally, academic exchanges among physicians and the integration of these techniques into clinical practice have significantly improved our products and brand reputation.

5. WE MADE CONTINUOUS EFFORTS IN OPTIMIZING SUPPLY CHAIN AND IMPROVED 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 supply chain security;

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

(iv) automation and optimization of our manufacturing processes. 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.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended December 31, 2023

	Note	Year ended December 31, 2023 **RMB'000** **(Unaudited)**	2022 RMB'000 (Audited)
Revenue	4	**441,126**	250,833
Cost of sales	5	**(115,756)**	(74,632)
Gross profit		**325,370**	176,201
Selling and distribution expenses	5	**(324,981)**	(241,630)
Administrative expenses	5	**(141,637)**	(123,432)
Research and development expenses	5	**(293,420)**	(373,127)
Other income	6	**19,716**	12,760
Other (losses)/gains — net	7	**(15,808)**	106,680
Operating loss		**(430,760)**	(442,548)
Finance income		**39,437**	46,629
Finance costs		**(178)**	(2,316)
Finance income — net	8	**39,259**	44,313
Loss before income tax		**(391,501)**	(398,235)
Income tax expense	9	**(1,052)**	(9,574)
Loss for the year		**(392,553)**	(407,809)
Loss is attributable to:			
Owners of the Company		**(392,525)**	(407,809)
Non-controlling interests		**(28)**	*
		(392,553)	(407,809)
Other comprehensive income for the year		**—**	—
Total comprehensive loss for the year		**(392,553)**	(407,809)
Total comprehensive loss for the year is attributable to:			
Owners of the Company		**(392,525)**	(407,809)
Non-controlling interests		**(28)**	*
		(392,553)	(407,809)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share *(in RMB per share)*	10	**(0.58)**	(0.61)

* The non-controlling interests as at December 31, 2022 was less than RMB1,000.

UNAUDITED CONSOLIDATED BALANCE SHEET

As at December 31, 2023

	Note	As at December 31, 2023 ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Right-of-use assets		**44,634**	21,620
Property, plant and equipment		**453,971**	305,819
Investment properties		**—**	7,008
Intangible assets		**527,874**	538,950
Investment accounted for using equity method		**6,055**	333
Other receivables	*12*	**6,892**	13,825
Prepayments		**7,988**	6,318
Term deposits		**100,000**	170,000
Financial assets at fair value through profit or loss		**287,058**	245,153
Total non-current assets		**1,434,472**	1,309,026
Current assets			
Inventories		**170,648**	127,184
Financial assets at fair value through profit or loss		**77,157**	71,564
Trade and other receivables	*12*	**80,211**	77,726
Prepayments		**43,708**	61,309
Term deposits		**70,000**	—
Cash and cash equivalents		**795,768**	1,669,665
Total current assets		**1,237,492**	2,007,448
Total assets		**2,671,964**	3,316,474
EQUITY AND LIABILITIES			
Share capital and share premium		**6,359,128**	6,369,548
Treasury shares		**(53,730)**	(82,739)
Other reserves		**74,046**	63,617
Accumulated losses		**(4,105,336)**	(3,712,811)
Equity attributable to owners of the Company		**2,274,108**	2,637,615
Non-controlling interests		**(28)**	*
Total equity		**2,274,080**	2,637,615

	Note	As at December 31, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		**1,127**	2,152
Deferred tax liabilities		**20,320**	20,320
Borrowings		**203,594**	70,770
Other payables	*13*	**5,490**	5,874
Deferred income		**13,104**	1,720
Total non-current liabilities		**243,635**	100,836
Current liabilities			
Lease liabilities		**2,586**	2,892
Borrowings		**13,828**	56,061
Trade and other payables	*13*	**137,835**	519,070
Total current liabilities		**154,249**	578,023
Total liabilities		**397,884**	678,859
Total equity and liabilities		**2,671,964**	3,316,474

* The non-controlling interests as at December 31, 2022 was less than RMB1,000.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 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.

These unaudited consolidated financial statements are presented in thousands of Renminbi Yuan (RMB), unless otherwise stated. These unaudited consolidated financial statements have been approved for issue by the Board of Directors on March 28, 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these unaudited consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Peijia Medical Limited and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRS and HKCO

The unaudited consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("**IFRS Accounting Standards**") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets at fair value through profit or loss

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2023:

Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Amendments to IAS 1 — Non-current Liabilities with Covenants

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT

Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the 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, 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 relevant periods is as follows:

Segment loss

	Year ended December 31, 2023		
	Transcatheter Valve Therapeutic Business	**Neurointerventional Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue	**185,571**	**255,555**	**441,126**
Cost of sales	**(26,607)**	**(89,149)**	**(115,756)**
Selling and distribution expenses	**(237,955)**	**(87,026)**	**(324,981)**
Administrative expenses	**(114,921)**	**(26,716)**	**(141,637)**
Research and development expenses	**(240,012)**	**(53,408)**	**(293,420)**
Segment loss	**(433,924)**	**(744)**	**(434,668)**

	Year ended December 31, 2022		
	Transcatheter Valve Therapeutic Business	Neurointerventional Business	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Revenue	107,311	143,522	250,833
Cost of sales	(21,830)	(52,802)	(74,632)
Selling and distribution expenses	(172,432)	(69,198)	(241,630)
Administrative expenses	(94,222)	(29,210)	(123,432)
Research and development expenses	(320,663)	(52,464)	(373,127)
Segment loss	(501,836)	(60,152)	(561,988)

4 REVENUE

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from sales of goods		
— at a point in time	**441,126**	250,833

Information about major customers

The major customers which contributed more than 10% of the total revenue of the Group for the years ended December 31, 2023 and 2022 are listed as below:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Customer A	**95,549**	59,301
Customer B	**85,317**	48,005
	180,866	107,306

5 EXPENSES BY NATURE

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Change of work in process and finished goods	**3,863**	(18,114)
Raw materials and consumables used	**114,403**	90,257
Employee benefits expenses	**321,011**	262,041
Service expenses for research and development	**141,225**	249,859
Promotion expenses	**67,532**	48,118
Professional service fees	**50,408**	39,862
Insurance expenses	**34,418**	35,257
Travelling and transportation expenses	**27,841**	13,392
Depreciation of property, plant and equipment	**25,120**	19,479
Utilities and office expenses	**21,561**	13,559
Entertainment expenses	**20,824**	15,730
Amortisation of intangible assets	**13,989**	12,555
Auditor's remuneration		
— audit service	**4,443**	4,121
— non-audit service	**912**	930
Depreciation of right-of-use assets	**3,423**	3,439
Write-down of the inventories	**1,004**	1,980
Depreciation of investment properties	**270**	541
Others	**23,547**	19,815
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	**875,794**	812,821

6 OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Government grants	**18,840**	10,264
Rental income	**712**	946
Service income from an associate	**—**	1,271
Others	**164**	279
	19,716	12,760

7 OTHER (LOSSES)/GAINS — NET

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net foreign exchange gains	**9,601**	123,346
Fair value gains on financial assets at fair value through profit or loss	**4,049**	581
Share of losses of associates	**(278)**	(167)
Losses on disposal of property, plant and equipment	**(219)**	(33)
Loss from foreign exchange forward contracts — net	**(27,378)**	(16,922)
Loss on early termination of operating lease	**—**	(396)
Others	**(1,583)**	271
	(15,808)	106,680

8 FINANCE INCOME — NET

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Finance income:		
Bank interest income	**39,437**	46,629
Finance costs:		
Interest expense on lease liabilities	**(162)**	(311)
Interests on borrowings	**(6,126)**	(2,951)
Less: Interest capitalized	**6,110**	946
Interest expense on borrowings	**(16)**	(2,005)
	(178)	(2,316)
Finance income — net	**39,259**	44,313

9 INCOME TAX EXPENSE

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax	**(1,052)**	(9,574)
Deferred income tax	**—**	—
Income tax expense	**(1,052)**	(9,574)

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 at a rate of 25% or 15% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), as the Group's PRC entities have no estimated assessable profits.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprises 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) 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%.

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

(d) For the year ended December 31, 2022, the Group has arranged a sub-licensing for certain intellectual property under research and development from a subsidiary incorporated in Hong Kong to Peijia Suzhou, which incurred an income tax of RMB8,966,000 born by the Hong Kong subsidiary.

(e) A reconciliation of the expected income tax calculated at the applicable tax rate and loss before income tax, with the actual income tax is as follow:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss before income tax	**(391,501)**	(398,235)
Tax calculated at statutory tax rates applicable to each group entity	**64,989**	67,314
Income tax due to sub-licensing within the Group	**—**	(8,966)
Tax effect of:		
Differences in prior years' tax filing	**(1,408)**	2,846
Expenses not deductible for tax purpose *(Note (i))*	**(4,260)**	(2,556)
Super deduction for research and development expenses	**38,945**	27,461
Utilisation of previously unrecognised tax losses	**2,883**	1,047
Unrecognised tax losses carried forward *(Note (ii))*	**(102,201)**	(96,720)
Income tax expense	**(1,052)**	(9,574)

(i) Expenses not deductible for tax purpose primarily include expenses not related to business activities, welfare and entertainment expenses exceeding the tax deduction limits under the Corporate Income Tax Law.

(ii) Deductible losses that are not recognised as deferred tax assets will be expired as follows:

Tax losses carried forward

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
2024	**866**	3,090
2025	**1,629**	4,363
2026	**12,866**	14,915
2027	**31,806**	36,251
2028	**46,279**	51,046
2029	**87,142**	107,440
2030	**280,809**	284,081
2031	**381,856**	386,095
2032	**593,979**	603,307
2033	**651,867**	—
	2,089,099	1,490,588

The tax losses of the Company's PRC subsidiaries will expire within ten years for high-tech enterprises.

10 LOSS PER SHARE

(a) Basic 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 for the years ended December 31, 2023 and 2022.

	Year ended December 31,	
	2023	2022
	(Unaudited)	(Audited)
Loss for the year and attributable to owners of the Company *(RMB'000)*	**(392,525)**	(407,809)
Weighted average number of ordinary shares in issue *(thousand)*	**679,275**	673,160
Basic loss per share *(RMB)*	**(0.58)**	(0.61)

(b) Diluted loss per share

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 year ended December 31, 2023, the Company had one category of potential ordinary shares: the stock options granted to employees. As the Group incurred losses for the years ended December 31, 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 years ended December 31, 2023 and 2022 are the same as basic loss per share.

11 DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group for the year ended December 31, 2023 (2022: Nil).

12 TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from		
— third parties (a)	**10,918**	12,595
Other receivables from		
— employees	**17,527**	16,159
— related parties	**8,748**	8,748
— third parties	**1,615**	8,498
Interest receivables	**13,532**	10,302
Loans to employees (b)	**14,061**	13,825
Value-added tax recoverable	**10,177**	12,683
Deposits	**2,086**	1,868
Others	**8,439**	6,873
Total	**87,103**	91,551
Less:non-current portion	**(6,892)**	(13,825)
Current portion	**80,211**	77,726

(a) At December 31, 2023 and 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not overdue	**10,918**	12,595

(b) For the year ended December 31, 2023, the Group has provided loans with the nominal value of HKD8,000,000 (equivalent to RMB6,901,000) and RMB8,000,000 to certain key management personnel respectively. These loans were interest-free and will be repayable in January and February 2025 respectively. Certain key management personnel has repaid RMB8,000,000 in August 2023.

For the year ended December 31, 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. Certain key management personnel has repaid HKD8,000,000 in December 2023.

As at December 31, 2023 and 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.

13 TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
— third parties	**19,579**	361,580
— related party	**129**	—
Other payables to		
— third parties	**66,005**	97,620
Staff salaries and welfare payables	**39,865**	41,434
Liabilities arising from share-based payments with cash alternative	**13,138**	9,045
Tax payable	**4,609**	15,265
	143,325	524,944
Less: non-current position	**(5,490)**	(5,874)
Current position	**137,835**	519,070

The ageing analysis of trade payables at the respective balance sheet dates is as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**19,697**	361,444
Between 1 year and 2 years	**—**	6
Between 2 year and 5 years	**11**	130
	19,708	361,580

MANAGEMENT DISCUSSION AND ANALYSIS

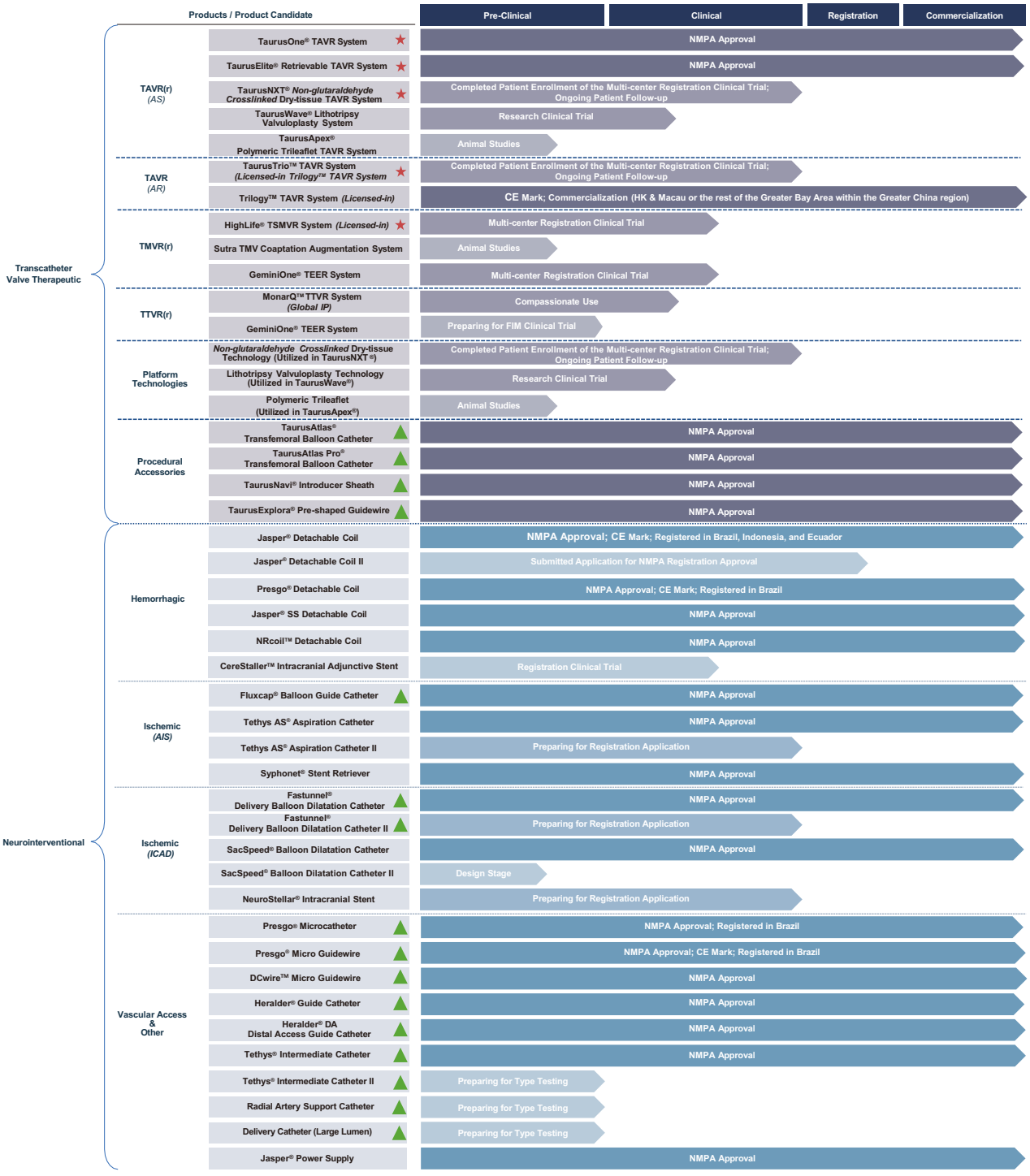
I. BUSINESS REVIEW

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

During the Reporting Period, we obtained registration approvals from the NMPA for two neurointerventional products, namely DCwire™ Micro Guidewire and NRcoil™ Detachable Coil. As of the date of this announcement, for our Transcatheter Valve Therapeutic Business, we had six registered products and nine product candidates in various development stages. For our Neurointerventional Business, we had sixteen registered products and nine product candidates in various development stages. The following chart summarizes the development status of our product portfolio as of the date of this announcement:



★ 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 RMB185.6 million, representing an increase of 72.9% from RMB107.3 million recorded for the year ended December 31, 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, including TaurusAtlas® Transfemoral Balloon Catheter, and TaurusAtlas Pro® 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. As of the date of this announcement, we have completed the patient enrollment of 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™ THV System 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™ THV System for the treatment of symptomatic, severe AR or symptomatic, severe AS. We are entitled to develop, manufacture, and commercialize the Trilogy™ THV 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™ THV 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 successfully completed the patient enrollment of the multi-center registration clinical trial for TaurusTrio™.

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. The HighLife® TSMVR system 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 the HighLife® TSMVR system.

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, the MonarQ™ TTVR system has been used to treat patients with TR in the Europe and the United States on compassionate grounds. We 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 RMB255.6 million, representing an increase of 78.1% from RMB143.5 million for the year ended December 31, 2022.

Hemorrhagic Products and Product Candidates

For the Reporting Period, our revenue generated from the sales of hemorrhagic products amounted to RMB81.9 million, representing an increase of 44.9% from RMB56.5 million for the year ended December 31, 2022 and accounting for 32.1% of the total revenue of the Neurointerventional Business.

Detachable Coils: we have four 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.

Meanwhile, we have optimized the performance of our current product by developing the next generation, Jasper® Detachable Coil II, based on clinical feedback. As of the date of this announcement, we are preparing for submitting the application for the registration approval of this product to the NMPA.

CereStellar™ Intracranial Adjunctive Stent: CereStellar™ 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, we have launched the registration clinical trial of CereStellar™, with the first patient enrollment successfully completed in December 2023.

Ischemic Products and Product Candidates

For the Reporting Period, our revenue generated from the sales of ischemic products amounted to RMB85.9 million, representing an increase of 117.3% from RMB39.5 million for the year ended December 31, 2022 and accounting for 33.6% of the total revenue of the Neurointerventional Business.

Products Designed for Treating AIS

Syphonet® Stent Retriever: Syphonet® Stent Retriever is 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.

Tethys AS® Aspiration Catheter: 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 the NMPA approval for the registration application of Tethys AS® Aspiration Catheter in May 2022.

Meanwhile, we have optimized the performance of our current product by developing the next generation, Tethys AS® Aspiration Catheter II, based on clinical feedback. As of the date of this announcement, we are preparing for submitting the application for the registration approval of this product to the NMPA.

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.

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.

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 dilatating 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: Fastunnel® Delivery Balloon Dilatation Catheter is designed for treating ICAD. As the first medical device in China which combines balloon dilation and stent delivery in one device, its unique zero exchange technology 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.

Meanwhile, we have optimized the performance of our current product by developing the next generation, Fastunnel® Delivery Balloon Dilatation Catheter II, based on clinical feedback. As of the date of this announcement, we are preparing for submitting the application for the registration approval of this product to the NMPA.

NeuroStellar® Intracranial Stent: NeuroStellar® 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 are preparing for the submission of the application for the registration approval of this product to the NMPA.

Vascular Access Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB87.1 million from vascular access products, representing an increase of 84.6% from RMB47.2 million for the year ended December 31, 2022 and accounting for 34.1% 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 development of Tethys® Intermediate Catheter II, based on clinical feedback. As of the date of this announcement, the type testing of Tethys® Intermediate Catheter II is under preparation.

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: 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. We received the NMPA approval for the registration application of DCwire™ Micro Guidewire in June 2023.

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 type testing of this product is under preparation.

Delivery Catheter (Large Lumen): the Delivery Catheter (Large Lumen) is a large lumen sheath with a 7F inner diameter. The product allows for delivery accuracy and strong support, which helps the physician to better deliver devices during neurointerventional procedures. As of the date of this announcement, the type testing of this product is under preparation.

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. 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 consists 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 December 31, 2023, we had an in-house R&D team of 155 employees dedicated to the R&D of our transcatheter valve therapeutic products and neurointerventional products.

Intellectual Property

We have a robust intellectual property portfolio, consisting of a total of 145 granted and valid patents, 179 patents under application and 109 registered trademarks. As of December 31, 2023, there were 89 granted and valid patents, 119 patents under application and 50 registered trademarks for our Transcatheter Valve Therapeutic Business, and 56 granted and valid patents, 60 patents under application and 59 registered trademarks for our Neurointerventional Business.

Manufacturing

For our Transcatheter Valve Therapeutic Business, we successfully relocated our production facilities from Zhongtian Road, Suzhou to our new headquarters at Yangjiatian Road, Suzhou, with a current construction area of 68,768.39 sq.m, in December 2023. The new plants passed the inspection by the NMPA and obtained permission to manufacture medical devices in the same month.

As of the date of this announcement, we have six registered TAVR products and procedural accessories. All of them, namely, TaurusOne® and TaurusElite®, our first- and second-generation TAVR products, TaurusAtlas® Transfemoral Balloon Catheter, TaurusAtlas Pro® Transfemoral Balloon Catheter, TaurusNavi® Introducer Sheath and TaurusExplora® Pre-shaped Guidewire, are manufactured at our new headquarters. Our new plant is also equipped with multiple production lines dedicated to TaurusTrio™, TaurusNXT®, TaurusWave®, HighLife® and other transcatheter valve therapeutic product candidates.

For our Neurointerventional Business, we manufacture, assemble and inspect our products at two production facilities. One is located in an 18,843.9 sq.m self-owned property at Zhongtian Road, Suzhou, Jiangsu province, and the other one is located in an 1,188.4 sq.m. leased property at Zhangjiang Industrial Park, Shanghai.

We manufacture Presgo® Detachable Coil, Presgo® Micro Guidewire, Presgo® Microcatheter, Jasper® Detachable Coil and Jasper® Power Supply in the Shanghai facility. The Heralder® Guide Catheter, Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, Jasper® Detachable Coil, 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 at our Suzhou facility. We are currently renovating and expanding our plant at Zhongtian Road, Suzhou to increase production capacity in response to the growing demand of the market.

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 of the product life cycle and use scientific tools to identify, analyze, evaluate and control risks to ensure the safety and efficacy of our 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.

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 December 31, 2023, we had 200 employees dedicated to the sales and marketing of our transcatheter valve therapeutic products. Accumulatively, we have placed our products in near 500 hospitals, increasing by approximately 200 hospitals compared to that as of December 31, 2022.

For our Neurointerventional Business, our experienced sales 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 and actively participated in academic and industry conferences on neurointerventional therapies. Additionally, we live-streamed neurointerventional 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. We hope to expand broader application scenarios for our products through these techniques to increase sales volume and enhance brand recognition. As of the date of this announcement, we have developed ten techniques:

Technique	Detail	Application	Product Mix
JAMA	Using **JA**sper/**JA**sperSS coils with **MA**rathon micro catheter to treat distal aneurysms and arteriovenous malformation	Distal intracranial aneurysm or arteriovenous malformation	Jasper® Detachable Coil Jasper® SS Detachable Coil
ANSWER	**AN**eury**S**m **W**ith stenosis treatment using fastunn**El** delive**R**ing balloon dilatation catheter	Aneurysm embolism combined with intracranial artery stenosis	Jasper® Detachable Coil Jasper® SS Detachable Coil Fastunnel® Delivery Balloon Dilatation Catheter Tethys® Intermediate Catheter
Zero Exchange	N/A	Intracranial atherosclerosis	Fastunnel® Delivery Balloon Dilatation Catheter NeuroStellar® Intracranial Stent
BASIS	**B**alloon **A**ngiopla**S**ty with the d**I**stal protection of **S**tent retriever	Intracranial atherosclerosis-related large vascular occlusion	SacSpeed® Balloon Dilatation Catheter Syphonet® Stent Retriever
REOPENS	**RE**canalization of intracranial and extracranial long-segmental, non-acute **O**cclusion with the distal **P**rot**E**ctio**N** of **S**yphonet	Intracranial and extracranial long-segmental, non-acute occlusion	
COSIS	**C**hronic artery **O**cclu**S**ion recanalization with the **I**ntracranial protection of **S**tent Retriever	Chronic occlusion of internal carotid artery	Syphonet® Stent Retriever
TRUST	**T**rans-**R**adial coaxial catheter technique **U**sing a short sheath, **S**immons catheter and **T**ethys intermediate catheter	Trans-radial access	Tethys® Intermediate Catheter
REST	Trans-**R**adial **E**stablish **S**imple access technique with **T**ethys intermediate catheter		
ATTACH	**A T**rans-radial technique using looping **T**ethys intermediate catheter with two lo**ACH** guide wires		
TRANSFER	Re**TR**ieving **A** protectio**N** device with di**S**tal access catheter along the **F**easible st**E**nt delivery system by trans-**R**adial approach		Heralder® DA Distal Access Guide Catheter

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, including 21-province alliance led by Jilin province, Jiangsu province, Anhui province, Guangdong province, etc. The implementation of these VBPs has helped our products rapidly penetrate into more hospitals, thereby, quickly increasing our sales volume and market share.

In addition, our sales team has 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 December 31, 2023, we had 90 employees dedicated to the sales and marketing of our neurointerventional products, and our distributor network covers approximately 2,200 hospitals in 31 provinces and municipalities across China.

Future Outlook

Going forward, we will maintain our corporate vision and remain committed to the development and commercialization of interventional solutions for structural heart and neurovascular diseases in China and globally.

For our Transcatheter Valve Therapeutic Business, we will continue to strengthen our presence in the Chinese market and increase sales of our launched products, including TaurusOne®, TaurusElite® and various procedural accessories. At the same time, we will focus on advancing the follow-up and registration efforts for our pipeline products TaurusTrio™ and TaurusNXT®. As of the date of this announcement, patient enrollment has been completed in the registration clinical trials for these two products, and we are committed to bringing them to market as soon as possible to address significant unmet clinical needs. In addition, we will continue to invest in R&D to advance the clinical progress of our other innovative pipeline products and achieve breakthroughs.

Our commitment to global expansion through patented innovative technologies and products remains unchanged. We will continue to advance overseas clinical trials for product candidates with global competencies, such as MonarQ™ and GeminiOne®, with the goal of providing high-quality medical services to a greater number of patients worldwide.

For our Neurointerventional Business, we will continue to maintain the momentum of revenue growth while implementing cost control measures to improve profitability. We will actively seize the opportunities presented through policy support and industry development, leveraging our superior product performance, outstanding sales and marketing capabilities and extensive distribution network to further expand our market share and strengthen our leading position in the industry.

II. FINANCIAL REVIEW

Revenue

For the year ended December 31, 2023, our Group's revenue was RMB441.1 million, representing an increase of 75.9% as compared to RMB250.8 million for the year ended December 31, 2022. Revenue from Neurointerventional Business and Transcatheter Valve Therapeutic Business were RMB255.6 million and RMB185.6 million, representing an increase of 78.1% and 72.9% as compared to RMB143.5 million and RMB107.3 million for the year ended December 31, 2022, respectively.

The increase in revenue was primarily attributable to: (i) increase of sales volume of transcatheter aortic valve replacement products, of which the revenue increased by RMB73.2 million; (ii) increase of sales volume of Jasper® Detachable Coil, of which the revenue increased by RMB38.0 million; (iii) increase of sales volume of Tethys® Intermediate Catheter, of which the revenue increased by RMB36.6 million; (iv) increase of sales volume of Syphonet® Stent Retriever, of which the revenue increased by RMB20.9 million; and (v) increase of sales volume of Fastunnel® Delivery Balloon Dilatation Catheter, of which the revenue increased by RMB14.4 million.

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

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Hemorrhagic	**81,892**	**32.1**	56,521	39.4
Ischemic	**85,938**	**33.6**	39,541	27.6
Vascular Access	**87,100**	**34.1**	47,173	32.9
Others	**625**	**0.2**	287	0.1
Total	**255,555**	**100.0**	143,522	100.0

Cost of Sales

For the year ended December 31, 2023, our Group's cost of sales was RMB115.8 million, representing an increase of 55.1% as compared to RMB74.6 million for the year ended December 31, 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 84.7%, from RMB176.2 million for the year ended December 31, 2022 to RMB325.4 million for the year ended December 31, 2023, in line with the increase in sales 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 73.8% for the year ended December 31, 2023, as compared to 70.2% for the year ended December 31, 2022.

Selling and Distribution Expenses

Selling and distribution expenses increased by 34.5% from RMB241.6 million for the year ended December 31, 2022 to RMB325.0 million for the year ended December 31, 2023. Such increase was primarily attributable to (i) promotion for new products; (ii) the increase in the expenditure incurred for market education, development of multi-sales channels; and (iii) increase in the headcount of sales team to expand the market in Mainland China.

Administrative Expenses

Administrative expenses increased by 14.7% from RMB123.4 million for the year ended December 31, 2022 to RMB141.6 million for the year ended December 31, 2023. The increase was primarily attributable to the increase in wages and salaries.

Research and Development Expenses

Research and development expenses decreased by 21.4% from RMB373.1 million for the year ended December 31, 2022 to RMB293.4 million for the year ended December 31, 2023. Such decrease was primarily attributable to the service expenses for research and development of certain business development projects were decreased by USD19.2 million (equivalent to RMB138.2 million).

For the year ended December 31, 2023, R&D expenses for Transcatheter Valve Therapeutic Business and Neurointerventional Business were amounted to RMB240.0 million and RMB53.4 million, respectively. The following table sets forth the components of research and development expenses for the periods indicated:

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Service expenses for research and development	**141,225**	**48.1**	249,859	67.0
Employee benefits expenses	**79,817**	**27.2**	69,649	18.7
Raw materials and consumables used	**55,173**	**18.8**	42,892	11.5
Depreciation and amortization	**8,890**	**3.0**	6,358	1.7
Other	**8,315**	**2.9**	4,369	1.1
Total	**293,420**	**100.0**	373,127	100.0

Other (losses)/gains — net

Other (losses)/gains — net decreased from a net other gain of RMB106.7 million for the year ended December 31, 2022 to a net other loss of RMB15.8 million for the year ended December 31, 2023. The decrease was mainly due to the reduction of net foreign exchange gains.

Finance Income — net

Finance Income decreased from RMB44.3 million for the year ended December 31, 2022 to RMB39.3 million for the year ended December 31, 2023. The decrease was mainly due to the reduction of bank interest income.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2023, the gearing ratio of our Group decreased to 17.5% from 25.7% as of December 31, 2022. The decrease was primarily attributable to the settlement of milestone payments for certain business development project for the year ended December 31, 2023.

Net Current Assets

As of December 31, 2023, our Group's net current assets were RMB1,083.2 million, as compared with RMB1,429.4 million as of December 31, 2022, was primarily attributable to certain milestone was achieved for the year ended December 31, 2022 and corresponding payments were settled for the year ended December 31, 2023

Borrowings

As of December 31, 2023, our Group's borrowings, which bore interest rates of 3.6%-3.85%, were RMB217.4 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 December 31, 2023, our Group's total cash, cash equivalents and term deposits amounted to approximately RMB965.8 million, representing a decrease of 47.5% 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 inflow from our operating activities, by increasing sales volume of existing commercialized products and launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in promotion 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 year ended December 31, 2023, our Group's total capital expenditure amounted to approximately RMB316.2 million, which was mainly used in (i) the construction of new headquarter; (ii) equipment procurement; and (iii) technologies.

Significant Investment

As of December 31, 2023, our Group had RMB287.1 million unlisted equity investments and RMB77.2 million unlisted debt investments measured at fair value through profit or loss.

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

Contingent Liabilities

As of December 31, 2023, our Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As of December 31, 2023, our Group did not have any material acquisitions and disposals of subsidiary, associates and joint ventures.

Charge on Assets

As of December 31, 2023, a land use right and a building under construction of our Group with carrying amounts of RMB9.3 million and RMB274.9 million respectively have been mortgaged for a long-term bank borrowing.

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 Group has entered into several forward exchange forward contracts 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 December 31, 2023:

Business objective as stated in the Prospectus	**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 December 31, 2023** *HK$ million*	**Expected timeline for unutilized amount**
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	1,160.31	427.94	732.37	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	47.76	79.64	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	475.70	812.01	

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 December 31, 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 December 31, 2023:

Business objective as stated in the announcement of the Company dated January 22, 2021	**Percentage to total amount**	**Net proceeds**	**Unutilized amount as of December 31, 2022**	**Utilized amount during the Reporting Period**	**Unutilized amount as of December 31, 2023**	**Expected timeline for unutilized amount**
	%	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
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 December 31, 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 December 31, 2023, our Group had 1,040 employees, all of whom were based in China. Our Group's total employee benefits for the Reporting Period were approximately RMB321.0 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.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the Reporting Period (year ended December 31, 2022: nil).

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

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 year ended December 31, 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 December 31, 2023, the trustee of the RSU Scheme has purchased an aggregate of 5,859,000 Shares (representing approximately 0.8625% of the total issued shares of the Company as of December 31, 2023) 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.

REVIEW OF UNAUDITED FINANCIAL INFORMATION

Audit Committee

As at the date of this announcement, as the Company is still in the process of discussing with its auditors on the valuation of certain financial asset with an initial investment cost of HK$80 million, which is pending for certain information and supporting documents, the auditing process for the audited annual results of the Group for the year ended December 31, 2023 (the "**2023 Annual Results**") has not been completed. Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). In order to keep the shareholders of the Company and potential investors informed of the Group's business operation and financial position, the Board has decided to publish the unaudited annual results of the Group for the year ended December 31, 2023.

The Group's unaudited consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee, which 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 Company will continue to work with the auditor to complete the audit work for 2023 Annual Results.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the 2023 Annual Results as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF UNAUDITED RESULTS ANNOUNCEMENT

This unaudited annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.peijiamedical.com).

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 annual 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 arteries 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
"Board" or "Board of Directors"	board of Directors

"CG Code"	the Corporate Governance Code as set out in Appendix C1 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
"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 C3 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 year ended December 31, 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

The Shareholders and potential investors are reminded to exercise caution when considering the unaudited financial information of the Group set out above and when dealing in the shares of the Company.

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

Hong Kong, March 28, 2024

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.