



沛嘉醫療有限公司

Peijia Medical Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9996



2024

Interim Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Yi ZHANG (*Chairman and Chief Executive Officer*)

Mrs. Ping Ye ZHANG

Ms. Hong YE

Non-executive Directors

Dr. Zhiyun YU

Mr. Jifeng GUAN

Mr. Fei CHEN

Mr. Jun YANG

Independent Non-executive Directors

Dr. Stephen Newman OESTERLE

Mr. Robert Ralph PARKS

Mr. Wai Ming YIP

Mr. Huacheng WEI

AUDIT COMMITTEE

Mr. Wai Ming YIP (*Chairman*)

Mr. Jifeng GUAN

Mr. Robert Ralph PARKS

Mr. Huacheng WEI

REMUNERATION COMMITTEE

Mr. Robert Ralph PARKS (*Chairman*)

Dr. Zhiyun YU

Dr. Stephen Newman OESTERLE

Mr. Huacheng WEI

NOMINATION COMMITTEE

Dr. Yi ZHANG (*Chairman*)

Mr. Fei CHEN

Dr. Stephen Newman OESTERLE

Mr. Wai Ming YIP

Mr. Huacheng WEI

REGISTERED OFFICE

Floor 4, Willow House

Cricket Square

Grand Cayman, KY1-9010

Cayman Islands

CORPORATE HEADQUARTERS

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Jiangsu Province

PRC

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Hong Kong

COMPANY SECRETARY

Ms. Hing Ling CHAU (*FCS, FCG*)

AUTHORIZED REPRESENTATIVES

Ms. Hong YE

Ms. Hing Ling CHAU (*FCS, FCG*)

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and

Registered Public Interest Entity Auditor

LEGAL ADVISER

As to Hong Kong and United States laws:
O'Melveny & Myers

COMPLIANCE ADVISER

Maxa Capital Limited

PRINCIPAL SHARE REGISTRAR

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Floor 4, Willow House
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

9996

COMPANY'S WEBSITE

www.peijiamedical.com

LISTING DATE

May 15, 2020

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Period-to-period change
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	301,203	224,871	33.9%
Gross profit	218,865	172,957	26.5%
Loss before income tax	(68,479)	(211,473)	-67.6%
Loss for the period	(71,283)	(212,075)	-66.4%
Research and development expenses	(100,484)	(171,295)	-41.3%
Including: One-time BD expenses*	—	(87,922)	-100.0%

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (audited)	Period-to-period change
	Cash, cash equivalents and term deposits	831,326	

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

BUSINESS HIGHLIGHTS

1. WE HAVE BEEN SOLIDIFYING OUR COMPETITIVE POSITION IN THE CHINESE TRANSFEMORAL TAVR MARKET BY CONTINUOUSLY DEEPENING MARKET EXPANSION AND ENHANCING OPERATIONAL EFFICIENCY.

Thanks to the outstanding performance of our products and the improved efficiency of our sales team, since 2024, our first-and second-generation TAVR products have maintained rapid growth in terminal implantation volume, with a steady increase in market share. During the Reporting Period, our products were introduced in nearly 100 new hospitals, with a cumulative coverage exceeding 580 hospitals. The terminal implantation volume of our TAVR products for the period was close to 1,750 units, with a period-to-period growth rate of nearly 40%, and our market share in the Chinese transfemoral TAVR market has approached nearly 25%.

With the significant enhancement of economies of scale and the increasing maturity and efficiency of the Company's operational system, the expense ratios in selling and distribution, administration, and research and development for the Transcatheter Valve Therapeutic Business have all achieved significant optimization, with period-to-period reductions of 34.0, 7.1, and 80.4 percentage points, respectively. During the Reporting Period, the segment loss from our Transcatheter Valve Therapeutics Business has narrowed significantly by 45.5% to RMB124.5 million compared to the same period in 2023.

2. WE HAVE ACCELERATED THE PROGRESS OF OUR IN-HOUSE RESEARCH AND DEVELOPMENT AS WELL AS BUSINESS DEVELOPMENT PIPELINE, BUILDING A PRODUCT PORTFOLIO AND SUCCESSION THAT POSSESSES LONG-TERM COMPETITIVENESS.

During the Reporting Period, several of our core registration clinical trials completed patient enrollment, and our iterative products have successively obtained approval from the NMPA for market launch. As of the date of this report, our TaurusTrio™ (the JenaValve Trilogy™ Transcatheter Heart Valve (“THV”) System, a licensed-in product specially designed for AR), TaurusNXT® (our self-developed third-generation durability-enhanced TAVR product), and GeminiOne® (our self-developed TEER device) have fully completed patient enrollment in multi-center registration clinical trials in China and have entered the one-year follow-up phase.

On July 24, 2024, our licensing partner JenaValve Technology, Inc. (“JenaValve”) announced an agreement with Edwards Lifesciences Corporation (“Edwards”) for a full acquisition of JenaValve. After the completion of the transaction, we will continue to have the exclusive license for the JenaValve Trilogy™ THV System in the Greater China region. Edwards' acquisition reflects the industry's attention to AR treatment and recognition of JenaValve's technology, greatly enhancing our expectations for the successful commercialization of TaurusTrio™ in China in the future.

In addition, during the Reporting Period, we rapidly iterated based on our existing TAVR products to achieve comprehensive and precise coverage of the treatment range. To enhance the convenience of operation, we added the AV21 product specification to TaurusOne® and TaurusElite®, which is specifically designed to adapt to the smaller aortic root structure of Chinese patients for more accurate matching. At the same time, we iterated from the second-generation TAVR product TaurusElite® to the new generation product TaurusMax™, the registration application of which was approved by the NMPA in August 2024. TaurusMax™ features additional valve radiopaque markers and adjustable deflection catheter specification, which can assist physicians in better judging the depth of implantation and overcoming the challenges of complex anatomical structures during the procedure.

Business Highlights

3. SEIZING POLICY OPPORTUNITIES, WE HAVE PROPELLED RAPID GROWTH ACROSS OUR ENTIRE NEUROINTERVENTIONAL PRODUCT LINES; FURTHER OPTIMIZING PRODUCTION COSTS AND OPERATIONAL EFFICIENCY, WE HAVE ACHIEVED A SEGMENT PROFIT OF RMB28.7 MILLION.

During the Reporting Period, the Neurointerventional Business achieved segment revenue of RMB170.9 million, a period-to-period increase of 45.9%. The revenue growth is mainly attributed to the following reasons:

- (i) benefiting from the accelerated construction of national stroke centers and our marketing team's professional market education and promotion activities, neurointerventional procedures have rapidly become widespread and accessible. Our product lines for hemorrhagic, ischemic, and vascular access have all seen a significant increase in sales volume;
- (ii) benefiting from the effective implementation of VBP policies in the winning provinces, our coil product sales have experienced a notable surge;
- (iii) our existing range of ischemic products with differentiated design features, such as the Syphonet® Stent Retriever and Fastunnel® Delivery Balloon Catheter, have rapidly increased market penetration due to their superior performance; and
- (iv) the DCwire® Micro Guidewire, a new access product approved by the NMPA in 2023, has been widely recognized for its excellent performance, opening up a new growth point for the Neurointerventional Business.

As the revenue scale continues to expand, we have further optimized costs and various expense ratios, achieving a segment profit of RMB28.7 million during the Reporting Period. We will seize policy opportunities, relying on a comprehensive and superior product portfolio and effective commercialization strategies, to further expand the profit scale and consolidate our competitive position in the industry.

4. WE CONTINUOUSLY DEEPENED THE PRACTICAL ACCUMULATION OF EVIDENCE-BASED MEDICINE AND STRENGTHENED OUR COOPERATION BETWEEN MEDICAL PROFESSIONALS AND ENGINEERS, DEVELOPING INNOVATIVE PROCEDURAL TECHNIQUES BASED ON PRODUCT DESIGN AND PERFORMANCE TO ENHANCE BRAND RECOGNITION AND REPUTATION.

During the Reporting Period, we maintained close interactions with KOLs and doctors within the neurointerventional industry. Leveraging the rich evidence-based accumulation of clinicians and 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 report, we have developed thirteen procedure techniques targeting at complex cases in aneurysm embolism, intracranial atherosclerosis and trans-radial access, etc. Please refer to pages 23 to 24 of this report 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 product and brand reputation.

5. WE MADE CONTINUOUS EFFORTS IN OPTIMIZING SUPPLY CHAIN AND IMPROVING PRODUCTION PROCESS FOR LONG-TERM SUCCESS.

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

- (i) expansion of production capacity and improvement of productivity to support business growth;
- (ii) introduction and verification of additional key raw material suppliers to lower production cost and enhance supply chain security;
- (iii) optimization of 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.

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

As of the date of this report, for our Transcatheter Valve Therapeutic Business, we had seven registered products and nine product candidates in various development stages. For our Neurointerventional Business, we had sixteen registered products and ten product candidates in various development stages. The following chart summarizes the development status of our product portfolio as of the date of this report:

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Products and Pipeline (cont'd)

Products / Product Candidate		Pre-Clinical	Clinical	Registration	Commercialization
Transcatheter Valve Therapeutic	TAVR(r) (AS)		NMPA Approval		
	TaurusOne® TAVR System ★		NMPA Approval		
	TaurusElite® Retrievable TAVR System ★		NMPA Approval		
	TaurusMax™ TAVR System ▲		NMPA Approval		
	TaurusNXT® Non-glutaraldehyde Crosslinked Dry-tissue TAVR System ★	Completed Patient Enrollment of the Multi-center Registration Clinical Trial; Ongoing Patient Follow-up			
	TaurusWave® Lithotripsy Valvuloplasty System	Research Clinical Trial			
	TaurusApex® Polymeric Trileaflet TAVR System	Animal Studies			
	TAVR (AFr)				
	TaurusTrio™ TAVR System (Licensed-in Trilogy™ TAVR System) ★	Completed Patient Enrollment of the Multi-center Registration Clinical Trial; Ongoing Patient Follow-up			
	Trilogy™ THV System (Licensed-In)			CE Mark; Commercialization (HK & Macau or the rest of the Greater Bay Area within the Greater China region)	
	TMVR(r)				
	HighLife® TSMVR System (Licensed-In) ★	Multi-center Registration Clinical Trial			
	Sutra TMV Coaptation Augmentation System	Animal Studies			
	TTVR(r)				
	GeminiOne® TEER System	Completed Patient Enrollment of the Multi-center Registration Clinical Trial; Ongoing Patient Follow-up			
	MonarQ™ TTVR System (Global #)	Compassionate Use			
	GeminiOne® TEER System	Preparing for FIM Clinical Trial			
	Platform Technologies				
Non-glutaraldehyde Crosslinked Dry-tissue Technology (Utilized in TaurusNXT®)	Completed Patient Enrollment of the Multi-center Registration Clinical Trial; Ongoing Patient Follow-up				
Lithotripsy Valvuloplasty Technology (Utilized in TaurusWave®)	Research Clinical Trial				
Polymeric Trileaflet (Utilized in TaurusApex®)	Animal Studies				
Procedural Accessories					
TaurusAtlas® Transfemoral Balloon Catheter ▲		NMPA Approval			
TaurusAtlas Pro® Transfemoral Balloon Catheter ▲		NMPA Approval			
TaurusNavis® Introducer Sheath ▲		NMPA Approval			
TaurusExplora® Pre-shaped Guidewire ▲		NMPA Approval			
Neurointerventional	Hemorrhagic	Jasper® Detachable Coil		NMPA Approval; Registered in Indonesia, and Ecuador	
		Jasper® Detachable Coil II	Submitted Application for NMPA Registration Approval		
		Presgo® Detachable Coil		NMPA Approval; Registered in Brazil	
		Jasper® SS Detachable Coil		NMPA Approval	
		NRcoil™ Detachable Coil		NMPA Approval	
		CereStellar™ Intracranial Adjunctive Stent	Registration Clinical Trial		
	YonFlow® Flow Diverter (Exclusive Distribution) ★	Submitted Application for NMPA Registration Approval			
	Ischemic (AIS)	Fluxcap® Balloon Guide Catheter ▲		NMPA Approval	
		Tethys AS® Aspiration Catheter		NMPA Approval	
		Tethys AS® Aspiration Catheter II	Submitted Application for NMPA Registration Approval		
	Syphonet® Stent Retriever		NMPA Approval		
	Ischemic (ICAD)	Fastunnel® Delivery Balloon Dilatation Catheter ▲		NMPA Approval	
Fastunnel® Delivery Balloon Dilatation Catheter II ▲		Submitted Application for NMPA Registration Approval			
SacSpeed® Balloon Dilatation Catheter			NMPA Approval		
SacSpeed® Balloon Dilatation Catheter II		Design Stage			
NeuroStellar® Intracranial Stent		Submitted Application for NMPA Registration Approval			
Vascular Access & Other	Presgo® Microcatheter ▲		NMPA Approval; Registered in Brazil and Ecuador		
	Presgo® Micro Guidewire ▲		NMPA Approval; Registered in Brazil and Ecuador		
	DCwire® Micro Guidewire ▲		NMPA Approval		
	Heralder® Guide Catheter ▲		NMPA Approval		
	Heralder® DA Distal Access Guide Catheter ▲		NMPA Approval		
	Tethys® Intermediate Catheter ▲		NMPA Approval		
	Tethys® Intermediate Catheter II ▲	Submitted Application for NMPA Registration Approval			
	Radial Artery Support Catheter ▲	Preparing for Type Testing			
	Delivery Catheter (Large Lumen) ▲	Preparing for Type Testing			
	Jasper® Power Supply		NMPA Approval		

★ 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

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 RMB130.3 million, representing an increase of 21.0% from approximately RMB107.7 million recorded for the six months ended June 30, 2023.

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 report, TaurusElite® is the record-breaking domestic retrievable TAVR product in terms of approval time.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates (cont'd)

TaurusMax™ — New Iteration Steerable TAVR System

TaurusMax™ TAVR System is an iteration of TaurusElite®. The enhanced visualization with three metal radiopaque TAV markers to identify depth, commissures and the valve alignment. Deflection catheter helps valve cross the aortic arch and the calcified leaflets easily in challenging anatomy, and improve valve coaxiality. We received the NMPA approval for the registration application of TaurusMax™ in August 2024.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET TaurusMax™ SUCCESSFULLY.

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 report, 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates (cont'd)

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 report, 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 report, 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 JenaValve 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 report, we have successfully completed the patient enrollment of the multi-center registration clinical trial for TaurusTrio™.

I. BUSINESS REVIEW (CONT'D)

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates (cont'd)

TaurusTrio™ — Licensed-in JenaValve Trilogy™ THV System for AR Indication (cont'd)

On July 24, 2024, JenaValve has informed the Company that Edwards has agreed to acquire JenaValve by way of a merger (the “**Merger**”). Completion of the Merger is subject to the terms and conditions as described in the Merger agreement, including the satisfaction of customary conditions. The Merger shall not affect the Group’s exclusive license with JenaValve or the Group’s rights to develop and commercialize TaurusTrio™. After completion of the Merger, the Group will maintain the exclusive license to develop the THV System for AR and AS in the Greater China region. The Company believes that the Merger signifies confidence in the future prospects of treating AR with JenaValve’s technology.

For further details, please refer to our announcements dated July 25, 2024, July 26, 2024 and August 5, 2024.

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.

On June 3, 2024, HighLife has received an Investigational Device Exemption (IDE) approval from the U.S. Food and Drug Administration (FDA) to initiate a US Pivotal Study for the HighLife® TSMVR solution.

As of the date of this report, 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Transcatheter Mitral Valve Replacement and Repair Product Candidates (cont'd)

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.

As of the date of this report, we have successfully completed the patient enrollment of the multi-center registration clinical trial for GeminiOne® in China 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 transcatheter 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 report, 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 report, 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

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 report, 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 RMB170.9 million, representing an increase of 45.9% from approximately RMB117.1 million for the six months ended June 30, 2023.

Hemorrhagic Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB55.1 million from hemorrhagic products, representing an increase of 72.5% from approximately RMB32.0 million for the six months ended June 30, 2023 and accounting for 32.3% 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 report, we have submitted the application for the registration approval of this product to the NMPA.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Hemorrhagic Products and Product Candidates (cont'd)

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

YonFlow® Flow Diverter:

YonFlow® flow diverter is the first retrievable stent system after complete release globally. We entered into an exclusive distribution agreement with Jiangsu NowYon Medical Limited (“**NowYon Medical**”) on August 16, 2024 for selling and distributing of the YonFlow® flow diverter in the territory of the Greater China. Please refer to the announcement of the Company dated August 28, 2024 for further details.

Ischemic Products and Product Candidates

For the Reporting Period, our revenue generated from the sales of ischemic products amounted to RMB58.8 million, representing an increase of 28.1% from approximately RMB45.9 million for the six months ended June 30, 2023 and accounting for 34.4% 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: our Tethys AS® Aspiration Catheter is specially designed for direct aspiration in mechanical thrombectomy. The 0.071-inch large lumen of the product largely increases the aspiration force, which can significantly shorten procedure time. It features a 20cm soft segment at the distal end, which conforms to the tortuous vessels and largely enhances its deliverability to the distal vessels. The optimized design of the transitional structure improves the trackability of the catheter, allowing the device to be delivered to the target vessel more easily. The entire device adopts a double-layer design with outer braids and inner coils, which allows high compressive strength and helps maintain lumen integrity. We received NMPA approval for the registration application of Tethys AS® Aspiration Catheter in May 2022.

I. BUSINESS REVIEW (CONT'D)

Ischemic Products and Product Candidates (cont'd)

Products Designed for Treating AIS (cont'd)

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 report, we have submitted 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 dilating stenosis to help with intracranial blood supply, while treating ICAD. We also carried out the design of SacSpeed® Balloon Dilatation Catheter II, based on clinical feedback.

Fastunnel® Delivery Balloon Dilatation

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

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 report, we have submitted 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 report, we have submitted the application for the registration approval of this product to the NMPA.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Vascular Access Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB56.7 million from vascular access products, representing an increase of 46.2% from approximately RMB38.8 million for the six months ended June 30, 2023 and accounting for 33.1% of the total revenue in the Neurointerventional Business.

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

Heralder® DA Distal Access Catheter: we received the NMPA approval for the registration application of Heraldier® 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 report, 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 report, the type testing of this product is under preparation.

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

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Vascular Access Products and Product Candidates (cont'd)

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

Research & Development

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

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

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

For inQB8, it is a medtech incubator in partnership with the Company. Under the partnership, we will have exclusive global privileges and rights to the technologies regarding the joint development of novel products and solutions in treating structural

heart disease. The founding team of inQB8 has a multidisciplinary background in medtech and engineering. Before founding inQB8, the team founded CardiAQ Valve Technologies, which developed the world's first TMVR system and was later acquired by Edwards.

We have established close working relationship with world-class consultants. 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Vascular Access Products and Product Candidates (cont'd)

Research & Development (cont'd)

In 2024, we entered into a consulting agreement with Dr. Gilbert Tang, who provides us with consulting advice in the field of structural heart technology. Dr. Tang is Surgical Director of the Structural Heart Program at the Mount Sinai Health System and Professor in the Department of Cardiovascular Surgery at the Icahn School of Medicine at Mount Sinai.

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

As of June 30, 2024, we had an in-house R&D team of 184 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 165 granted and valid patents, 167 patents under application and 120 registered trademarks. As of June 30, 2024, there were 98 granted and valid patents, 115 patents under application and 52 registered trademarks for our Transcatheter Valve Therapeutic Business, and 67 granted and valid patents, 52 patents under application and 68 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. Our new headquarters has a production area of approximately 10,000 sq.m (including functional areas such as Class 10,000 cleanroom, general workshop, warehousing workshop, quality inspection workshop, etc.), which is more than three times of the original production facilities. The new plants passed the inspection by the NMPA and obtained permission to manufacture medical devices in the same month. Currently, the annual production capacity of the new plant is about 30,000 sets, which is more than three times of the original production capacity.

As of the date of this report, we have seven registered TAVR products and procedural accessories. All of them, namely, TaurusOne®, TaurusElite® and TaurusMax™, our first-generation, second-generation and new iteration 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®, Geminione® 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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Manufacturing (cont'd)

We manufacture Presgo® Detachable Coil, Presgo® Micro Guidewire, Presgo® Microcatheter, Jasper® Detachable Coil and Jasper® Power Supply in the Shanghai facility. The Herald® Guide Catheter, Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, Jasper® Detachable Coil, Jasper® SS Detachable Coil, Herald® 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 in a product life cycle and use scientific tools to identify, analyze, evaluate and control risks to ensure the safety and efficacy of medical devices.

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

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.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Commercialization (cont'd)

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

- Yijia Institute is Peijia Medical's professional clinical education and training center that includes both online and offline channels. Yijia Institute was established to facilitate the adoption of TAVR technology through procedure demonstration, academic thematic discussion, case analysis, patient diagnosis and screening and etc.;
- Yijia Institute is equipped with facilities such as training classrooms, laboratories, operation rooms and etc. The institute can provide professional trainings, imaging trainings, live-streaming of procedures and other activities. The institute's online programs include Round Table Discussion, Cloud Classroom, Imaging interpretation competition and etc., helping more physicians to learn and communicate online;
- In June 2022, we launched the WeChat official and video accounts for Yijia Institute. As a professional education platform, the accounts provide educational resources and the latest industry information in transcatheter valve interventions. By combining resources from both theory and practice, the platform benefits the experts and physicians during their use of TAVR technologies. Yijia Institute promotes the digital dissemination of professional education and industry information in transcatheter valve interventions in China, facilitating the further development of the therapy.

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

As of June 30, 2024, we had 198 employees dedicated to the sales and marketing of our transcatheter valve therapeutic products. Accumulatively, we have placed our products in over 580 hospitals, increasing by approximately 100 hospitals compared to that as of December 31, 2023.

For our Neurointerventional Business, our experienced sale and marketing team has tailored marketing strategies to maximize product visibility and penetration, based on the commercialization stage and design characteristics of each product. We work closely with KOLs and physicians in the industry and actively participated in academic and industry conferences on neurointerventional therapies.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Commercialization (cont'd)

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 report, we have developed thirteen techniques:

Technique	Detail	Application	Product Mix
JAMA	Using J Asper/ J AsperSS coils with M Arathon micro catheter to treat distal aneurysms and arteriovenous malformation	Distal intracranial aneurysm or arteriovenous malformation	Jasper® Detachable Coil Jasper® SS Detachable Coil
ANSWER	A Neurys M With stenosis treatment using fastunne E l deliver 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
FAST ICAS	F ASTunnel in thrombectomy for I CAS occlusion	Intracranial atherosclerosis-related large vascular occlusion	Fastunnel® Delivery Balloon Dilatation Catheter Syphonet® Stent Retriever
BASIS	B alloon A ngiopl S ty with the d istal protection of S tent retriever		SacSpeed® Balloon Dilatation Catheter Syphonet® Stent Retriever
REOPENS	R Ecanalization of intracranial and extracranial long-segmental, non-acute O ccclusion with the distal P rot E ction of S yphonet	Intracranial and extracranial long-segmental, non-acute occlusion	
COSIS	C hronic artery O cc S ion recanalization with the I ntracranial protection of S tent Retriever	Chronic occlusion of internal carotid artery	Syphonet® Stent Retriever

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

Commercialization (cont'd)

Technique	Detail	Application	Product Mix
FIRST	Fastunnel delivering balloon dilatation catheter assisted Shuttleing thrombectomy Technique	Tandem lesions	Fastunnel® Delivery Balloon Dilatation Catheter Syphonet® Stent Retriever Tethys® Intermediate Catheter
LADDER	Acute Carotid Artery Tandem Occlusion Recanalization via Large-Bore Catheter Aspiration followed by Dual protection with balloon guide catheter proximal blocked and Distal Embolic Protection Device with Long Delivery Wire Technique		Fluxcap® Balloon Guide Catheter Tethys AS® Aspiration Catheter SacSpeed® Balloon Dilatation Catheter
TRUST	Trans-Radial coaxial catheter technique Using a short sheath, Simmons catheter and Tethys intermediate catheter	Trans-radial access	Tethys® Intermediate Catheter
REST	Trans-Radial Establish Simple access technique with Tethys intermediate catheter		
ATTACH	A Trans-radial technique using looping Tethys intermediate catheter with two loACH guide wires		
TRANSFER	ReTRieving A protectionN device with diStal access catheter along the Feasible stEnt delivery system by trans-Radial approach		Heralder® DA Distal Access Guide Catheter

At the same time, the Company actively embraced the national and local VBPs. 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 June 30, 2024, we had 94 employees dedicated to the sales and marketing of our neurointerventional products and our distributor network covers approximately 2,300 hospitals in 31 provinces and municipalities across China.

Management Discussion and Analysis

I. BUSINESS REVIEW (CONT'D)

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®, TaurusMax™ and various procedural accessories. At the same time, we will focus on advancing the follow-up and registration efforts for our pipeline products, including TaurusTrio™, TaurusNXT® and GeminiOne® etc. in the hope of bringing safe and effective treatment solutions to patients in China. As of the date of this report, patient enrollment has been completed in the registration clinical trials for these three products, and we are committed to bringing them to market as quickly as we can 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 already have a comprehensive commercialized product portfolio. We will focus on constantly exploring innovative product iterations and innovative techniques for neurointerventional procedures in the future. In addition, 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.

Management Discussion and Analysis

II. FINANCIAL REVIEW

Revenue

For the Reporting Period, our Group's revenue was RMB301.2 million, representing an increase of 33.9% as compared to RMB224.9 million for the six months ended June 30, 2023. Revenue from Neurointerventional Business and Transcatheter Valve Therapeutic Business were RMB170.9 million and RMB130.3 million, representing an increase of 45.9% and 21.0% as compared to RMB117.1 million and RMB107.7 million for the six months ended June 30, 2023, respectively.

The increase in revenue was primarily attributable to: (i) the commercialization of TAVR products (including the first-generation product TaurusOne® and second-generation retrievable product TaurusElite®), has been accelerated, further increasing the Group's market share; (ii) the sales volume of the Group's coil products increased significantly as a result of the implementation of volume-based procurement in the provinces where we had won bids; (iii) the market penetration of the Group's existing advantageous ischemic products with differentiated design features (including Syphonet® Stent Retriever and Fastunnel® Delivery Balloon Dilatation Catheter, etc.) increased rapidly; and (iv) the Group's new vascular access product, DCwire® Micro Guidewire, whose registration application was approved by the NMPA in 2023, was recognized by the market for its outstanding performance, contributing to the increase in the revenue of the Group.

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

	Six months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Vascular Access	56,665	33.1	38,758	33.1
Ischemic	58,763	34.4	45,857	39.1
Hemorrhagic	55,138	32.3	31,958	27.3
others	320	0.2	572	0.5
Total	170,886	100.0	117,145	100.0

Cost of Sales

For the Reporting Period, our Group's cost of sales was RMB82.3 million, representing an increase of 58.6% as compared to RMB51.9 million for the six months ended June 30, 2023. 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 26.5%, from RMB173.0 million for the six months ended June 30, 2023 to RMB218.9 million for the six months ended June 30, 2024, 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 72.7% for the Reporting Period, as compared to 76.9% for the six months ended June 30, 2023.

Management Discussion and Analysis

II. FINANCIAL REVIEW (CONT'D)

Selling and Distribution Expenses

Selling and distribution expenses decreased by 11.9% from RMB172.1 million for the six months ended June 30, 2023 to RMB151.6 million for the Reporting Period. Selling and distribution expenses ratio decreased from 76.5% for the six months ended June 30, 2023 to 50.3% for the Reporting Period. Such decrease was primarily attributable to the improved efficiency of our sales team.

Research and Development Expenses

Research and development expenses decreased by 41.3% from RMB171.3 million for the six months ended June 30, 2023 to RMB100.5 million for the Reporting Period. Such decrease was primarily attributable to the decrease of service expenses paid for the research and development of TAVR products.

For the Reporting Period, R&D investment in Transcatheter Valve Therapeutic Business and Neurointerventional Business amounted to RMB71.6 million and RMB28.9 million, respectively. The following table sets forth the components of research and development expenses for the periods indicated:

	Six months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Service expenses for research and development	21,467	21.4	103,109	60.2
Employee benefits expenses	43,477	43.3	37,607	22.0
Raw materials and consumables used	22,527	22.4	23,064	13.5
Depreciation and amortization	5,628	5.6	4,396	2.6
Other	7,385	7.3	3,119	1.7
Total	100,484	100.0	171,295	100.0

Finance Income — net

Finance income decreased from RMB22.0 million for the six months ended June 30, 2023 to RMB16.4 million for the Reporting Period. The decrease was mainly due to the decrease of bank interest income.

Management Discussion and Analysis

II. FINANCIAL REVIEW (CONT'D)

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As of June 30, 2024, the gearing ratio of our Group increased to 19.8% from 17.5% as of December 31, 2023.

Net Current Assets

As of June 30, 2024, our Group's net current assets were RMB1,048.3 million, as compared with RMB1,083.2 million as of December 31, 2023, was primarily attributable to certain milestone was achieved for the year ended December 31, 2023 and corresponding payments were settled for the six months ended June 30, 2024.

Borrowings

As of June 30, 2024, our Group's borrowings which bore interest rates of 3.6%–3.85% were RMB248.4 million, as compared with RMB217.4 million as of December 31, 2023, consisting of a long-term borrowing which bore an interest rate of 3.6%–3.85%. The purpose of the long-term borrowing was for financing the construction of the new headquarter.

Capital Management

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

Liquidity and Financial Resources

As of June 30, 2024, our Group's total cash, cash equivalents and term deposits amounted to approximately RMB831.3 million, representing a decrease of 13.9% as compared to RMB965.8 million as of December 31, 2023. 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.

Management Discussion and Analysis

II. FINANCIAL REVIEW (CONT'D)

Capital Expenditure

For the six months ended June 30, 2024, our Group's total capital expenditure amounted to approximately RMB59.7 million, which was mainly used in (i) the construction of new headquarter; and (ii) equipment procurement.

Significant Investment

As of June 30, 2024, the balance of non-current financial assets at FVTPL amounted to RMB306.0 million, representing seven unlisted equity investments, while the balance of current financial assets at FVTPL amounted to RMB94.0 million, representing two unlisted debt investments.

The unlisted equity investments represented preferred shares of seven unlisted entities owned by our Group, the movements of which during the Reporting Period are shown under the consolidated financial statements.

inQB8

inQB8 is a medical device incubator company headquartered in Massachusetts, USA, exploring and developing new solutions for major cardiovascular diseases, including structural heart disease, type A aortic dissection, HFpEF and HFmrEF. As of June 30, 2024, we held 1,326,263 shares, representing 50% of the total equity interests of *inQB8*, and the fair value of the equity interests held by our Group amounted to RMB163.9 million, constituting 6.3% of our total assets as of June 30, 2024. In respect of our investment in *inQB8*, we had realised exchange gain of approximately RMB1.0 million during the Reporting Period.

inQB8 incubates and proceeds various start-up projects through prototype design, bench testing, and preclinical testing, allowing these early concepts to develop within *inQB8* until the project is acquired or grown into an independent cardiovascular company.

At present, *inQB8* is in strategic cooperation with our Group to develop an innovative product for treating TR, MonarQ™ TTVR system. As of the date of this report, 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.

Based on the progress of each unlisted investee, the Company will continue to evaluate and make reasonable arrangements on the growth and development of our equity interest.

Management Discussion and Analysis

II. FINANCIAL REVIEW (CONT'D)

Contingent Liabilities

As of June 30, 2024, our Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As of June 30, 2024, our Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As of June 30, 2024, a land use right and a building under construction of our Group with carrying amounts of RMB9.1 million and RMB315.1 million respectively have been mortgaged for a long-term bank borrowing.

Future Plans for Material Investments or Capital Assets

As of the date of this interim report, our Group had not authorized and does not have any specific plan for any material investments or acquisitions of capital assets.

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.

HUMAN RESOURCES

As of June 30, 2024, our Group had 1,050 employees, all of whom were based in China. Our Group's total employee benefits for the Reporting Period were approximately RMB162.2 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.

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended June 30, 2023: nil).

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of our Group during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As of June 30, 2024, the trustee of the RSU Scheme has purchased an aggregate of 5,859,000 Shares (representing approximately 0.8625% of the total issued share capital of the Company) under the RSU Scheme.

During the Reporting Period, the Company repurchased a total of 10,809,000 Shares on the Stock Exchange in June 2024 at an aggregate consideration of approximately HK\$29.3 million, the highest and lower price paid for each share was HK\$3.13 and HK\$2.44 respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury Shares). As of June 30, 2024, the Company did not hold any treasury Shares.

Supplementary Information

REVIEW OF FINANCIAL INFORMATION AND INTERIM REPORT

Audit Committee

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

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

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of the Directors since the date of 2023 annual report of the Company and as of the date of this interim report is set out below.:-

In April 2024, Mr. Jifeng GUAN resigned as a Director at Jiangsu Apon Medical Technology Co., Ltd., a company principally engaged in the research and development, production and sale of medical device products for pain management and nasal care in China, and is listed on the Shenzhen Stock Exchange (stock code: 300753), where he had served in such position since May 2016.

Save as disclosed above, there was no change in the Board and the information of Directors since the date of 2023 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Director	Capacity/nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽²⁾
Dr. ZHANG	Beneficial owner ⁽³⁾	9,890,440	1.46%
	Trustee ⁽⁴⁾	32,917,560	4.85%
	Interest of controlled corporation ⁽⁵⁾	90,685,640	13.35%
	Interest held jointly with other persons ⁽⁶⁾	19,342,299	2.85%
	Interest of spouse ⁽⁷⁾	1,021,500	0.15%
Mrs. Ping Ye ZHANG	Beneficial owner	1,021,500	0.15%
	Trustee ⁽⁴⁾	32,917,560	4.85%
	Interest held jointly with other persons ⁽⁶⁾	110,027,939	16.20%
Ms. Hong YE	Interest of spouse ⁽⁷⁾	9,890,440	1.46%
	Beneficial owner ⁽⁸⁾	19,342,299	2.85%
	Interest of controlled corporation ⁽⁵⁾	90,685,640	13.35%
Mr. Fei CHEN	Interest held jointly with other persons ⁽⁶⁾	43,829,500	6.45%
	Interest of controlled corporation ⁽⁹⁾	19,952,740	2.94%
	Beneficial owner ⁽¹⁰⁾	383,884	0.06%
Dr. Stephen Newman OESTERLE	Beneficial owner ⁽¹⁰⁾	383,884	0.06%
Mr. Robert Ralph PARKS	Beneficial owner ⁽¹¹⁾	386,719	0.06%

Supplementary Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Long positions in the Shares, underlying Shares and debentures of the Company (cont'd)

Notes:

- (1) All interests stated are long position.
- (2) The calculation is based on the total number of 679,326,808 ordinary shares of the Company in issue as of June 30, 2024.
- (3) Dr. ZHANG beneficially owns 5,232,720 Shares, and is also interested in options to 4,657,720 Shares pursuant to outstanding options granted under the Share Option Plan.
- (4) Jinnius Drive Trust, Hanlindale Trust and THE ZHANG LIVING TRUST were respectively established by Dr. ZHANG and Mrs. Ping Ye ZHANG as grantor. Both Dr. ZHANG and Mrs. Ping Ye ZHANG are trustees of Jinnius Drive Trust, Hanlindale Trust and THE ZHANG LIVING TRUST. Therefore, under the SFO, each of Dr. ZHANG and Mrs. Ping Ye ZHANG is deemed to be interested in an aggregate 32,917,560 Shares held by the three trusts, including 15,713,560 Shares held by Jinnius Drive Trust, 17,094,000 Shares held by Hanlindale Trust and 110,000 Shares held by THE ZHANG LIVING TRUST.
- (5) XinYue International Limited was owned as to 65% by Dr. ZHANG and 35% by Ms. Hong YE as of June 30, 2024. Therefore, under the SFO, each of Dr. ZHANG and Ms. Hong YE is deemed to be interested in 90,685,640 Shares held by XinYue International Limited.
- (6) Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited are Concert Parties based on the Concert Party Agreement. Therefore, under the SFO, each of Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited is deemed to be interested in the aggregate equity interests of all the Concert Parties.
- (7) Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses. Therefore, Dr. ZHANG and Mrs. Ping Ye ZHANG are deemed to be interested in the equity interests held by each other under the SFO.
- (8) Ms. Hong YE beneficially owns 13,651,960 Shares, and is also interested in options to 5,690,339 Shares pursuant to outstanding options granted under the Share Option Plan.
- (9) Shanghai Liyi Biotech, L.P. holds 19,952,740 Shares directly. Shanghai Liyao Investment Management Co., Ltd. is 100% owned by Mr. Fei CHEN, and is the general partner of Shanghai Liyi Investment Management Partnership (Limited Partnership). In addition, Shanghai Liyi Investment Management Partnership (Limited Partnership) is the general partner of Shanghai Liyi Biotech, L.P.. Therefore, under the SFO, each of Mr. Fei CHEN, Shanghai Liyao Investment Management Co., Ltd. and Shanghai Liyi Investment Management Partnership (Limited Partnership) is deemed to be interested in 19,952,740 Shares held by Shanghai Liyi Biotech, L.P..
- (10) As of June 30, 2024, a total of 383,884 Shares have been granted to Dr. Stephen Newman OESTERLE under the RSU Scheme, pursuant to his service contract with the Company. Please refer to the announcement of the Company dated October 5, 2020 for further details.
- (11) As of June 30, 2024, a total of 386,719 Shares have been granted to Mr. Robert Ralph PARKS under the RSU Scheme, pursuant to his service contract with the Company. Please refer to the announcement of the Company dated October 5, 2020 for further details.

Supplementary Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Long positions in the Shares, underlying Shares and debentures of the Company (cont'd)

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as of June 30, 2024, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽²⁾
Jinnius Drive Trust ⁽³⁾	Beneficial owner	15,713,560 (L)	2.31% (L)
Hanlindale Trust ⁽³⁾	Interest held jointly with other persons ⁽⁵⁾	138,143,879 (L)	20.34% (L)
	Beneficial owner	17,094,000 (L)	2.52% (L)
XinYue International Limited ⁽⁴⁾	Interest held jointly with other persons ⁽⁵⁾	136,763,439 (L)	20.13% (L)
	Beneficial owner	90,685,640 (L)	13.35% (L)
LAV Aero Limited	Interest held jointly with other persons ⁽⁵⁾	63,171,799 (L)	9.30% (L)
	Beneficial owner	42,428,460 (L)	6.25% (L)
LAV Biosciences Fund IV, L.P.	Interest of controlled corporation ⁽⁶⁾	42,428,460 (L)	6.25% (L)
LAV GP IV, L.P.	Interest of controlled corporation ⁽⁶⁾	42,428,460 (L)	6.25% (L)
LAV Corporate IV GP, Ltd.	Interest of controlled corporation ⁽⁶⁾	42,428,460 (L)	6.25% (L)
LAV Asset Management (Hong Kong) Limited	Investment manager	47,906,460 (L)	7.05% (L)
Mr. Yi SHI	Interest of controlled corporation ⁽⁶⁾	46,845,460 (L)	6.90% (L)
HH SUM-XXIV Holdings Limited	Beneficial owner	40,738,980 (L)	6.00% (L)
HH IMV Holdings, L.P.	Interest of controlled corporation	40,738,980 (L)	6.00% (L)
Hillhouse Investment Management, Ltd.	Investment manager	40,738,980 (L)	6.00% (L)
Hillhouse Fund IV, L.P.	Interest of controlled corporation	40,738,980 (L)	6.00% (L)
Matrix Partners China IV, L.P.	Beneficial owner	33,519,580 (L)	4.93% (L)
Matrix China Management IV, L.P.	Interest of controlled corporation ⁽⁷⁾	32,682,320 (L)	4.81% (L)
Matrix China IV GP GP, Ltd.	Interest of controlled corporation ⁽⁷⁾	32,682,320 (L)	4.81% (L)
FIL Limited	Interest of controlled corporation ⁽⁸⁾	40,660,000 (L)	5.99% (L)
Pandanus Associates Inc.	Interest of controlled corporation ⁽⁸⁾	40,660,000 (L)	5.99% (L)
Pandanus Partners L.P.	Interest of controlled corporation ⁽⁸⁾	40,660,000 (L)	5.99% (L)

Supplementary Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONT'D)

Notes:

- (1) All interests stated are long position; (P) denotes lending pool.
- (2) The calculation is based on the total number of 679,326,808 ordinary shares of the Company in issue as of June 30, 2024.
- (3) Jinnius Drive Trust and Hanlindale Trust were discretionary trusts and respectively established by Dr. ZHANG and Mrs. Ping Ye ZHANG as grantor. Both Dr. ZHANG and Mrs. Ping Ye ZHANG are trustees of Jinnius Drive Trust and Hanlindale Trust. Therefore, under the SFO, each of Dr. ZHANG and Mrs. Ping Ye ZHANG is deemed to be interested in an aggregate 32,807,560 Shares held by the two trusts, including 15,713,560 Shares held by Jinnius Drive Trust and 17,094,000 Shares held by Hanlindale Trust.
- (4) XinYue International Limited was owned as to 65% by Dr. ZHANG and 35% by Ms. Hong YE as of June 30, 2024. Therefore, under the SFO, each of Dr. ZHANG and Ms. Hong YE is deemed to be interested in 90,685,640 Shares held by XinYue International Limited.
- (5) Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited are Concert Parties based on the Concert Party Agreement. Therefore, under the SFO, each of Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited is deemed to be interested in the aggregate equity interests of all the Concert Parties.
- (6) To the best of the Directors' knowledge, LAV Aero Limited is wholly-owned by LAV Biosciences Fund IV, L.P., a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund IV, L.P. is LAV GP IV, L.P., whose general partner is LAV Corporate IV GP, Ltd., a Cayman company owned by Mr. Yi SHI. Therefore, under the SFO, each of LAV Biosciences Fund IV, L.P., LAV GP IV, L.P., LAV Corporate IV GP, Ltd. and Mr. Yi SHI is deemed to be interested in 42,428,460 Shares held by LAV Aero Limited.

In addition, to the best of the Directors' knowledge, upon completion of the Global Offering and taking into account the 2,523,000 Shares to be subscribed for by LAV Aero Limited at the Offer Price of HK\$15.36 pursuant to the cornerstone investment agreement as further described under the section headed "Cornerstone Placing" in the Prospectus, LAV, which collectively refers to LAV Aero Limited and Shanghai Liyi Biotech, L.P., controls the exercise of 9.86% of the voting power at the general meeting of the Company. Shanghai Liyi Biotech, L.P. holds 19,952,740 Shares directly.

- (7) To the best of the Directors' knowledge, Matrix China Management IV, L.P. is the general partner of Matrix Partners China IV, L.P. and Matrix Partners China IV-A, L.P., both are the beneficial owners of the Company. The general partner of Matrix China Management IV, L.P. is Matrix China IV GP GP, Ltd.. Therefore, under the SFO, each of Matrix China Management IV, L.P. and Matrix China IV GP GP, Ltd. is deemed to be interested in an aggregate 32,682,320 Shares held by the two companies, including 29,711,580 Shares held by Matrix Partners China IV, L.P. and 2,970,740 Shares held by Matrix Partners China IV-A, L.P..
- (8) To the best of the Directors' knowledge, FIL Limited through various subsidiaries holding an aggregate 40,660,000 Shares. In addition, Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc., and FIL Limited is owned as to 37.01% by Pandanus Partners L.P.. Therefore, under the SFO, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited is deemed to be interested in an aggregate 40,660,000 Shares held by the subsidiaries of FIL Limited.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, no person had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

1. Share Option Plan

The Company has approved and adopted a Share Option Plan on December 27, 2019, a summary of the principal terms of which are set out in the section headed "D. Share Incentive Schemes — 1. Share Option Plan" in Appendix IV to the Prospectus.

(a) Purpose and Principal Terms

The purpose of the Share Option Plan is to enable the Group to grant options or awards to qualified persons (as determined by the sole opinion of the Board) including any director, employee, adviser and consultant of the Company or any of its associated companies as incentives, attraction, motivation or rewards by reason of their contribution or potential contribution to the Company and/or any of our associated companies. The principal terms of the Share Option Plan are as follows:

- 1) Subject to any alterations set out under the Share Option Plan in the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company that may take place after the Listing, the maximum number of Shares in respect of which options or awards may be granted under the Share Option Plan shall be 2,911,989 Shares (or 58,239,780 as adjusted after Capitalization Issue), representing approximately 12.7% of the total issued share capital of the Company immediately before completion of the Global Offering.
- 2) An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when a copy of the Grant Letter has been duly signed by the grantee, and a non-refundable payment of HK\$0.10 or its RMB equivalent has been made in favour of the Company by way of consideration for the grant and is received by the Company on or before the relevant acceptance date.
- 3) No option or award under the Share Option Plan will be granted after the Listing Date, although provisions of the Share Option Plan will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Share Option Plan ("**Option**") on or prior to the Listing Date or otherwise as may be required in accordance with the provisions of the Share Option Plan and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.
- 4) A grantee may subscribe for the Shares on the exercise of an Option at the price approved by the Board in its absolute discretion with reference to factors which may include business performance and value of the Company and individual performance of the relevant grantee, and in any case, shall not be less than the par value of the Shares.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(a) Purpose and Principal Terms (cont'd)

- 5) An Option is personal to the grantee and is not assignable and no grantee is permitted in any way to sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so (with the exception that the grantee may transfer the Options to a trust in which he/she is a beneficiary thereof or the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Plan may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee without compensation.
- 6) The Shares to be allotted upon the exercise of an Option is subject to the constitutional documents of the Company for the time being in force and, once issued, ranks *pari passu* in all respects with and has the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue.
- 7) Each grantee to whom a share award has been granted shall be entitled to the Shares they are awarded in accordance with the terms (including any restrictions and vesting requirement that may be imposed) of the Share Option Plan and the Grant Letter. However, in any case, a grantee is not entitled to exercise any Option until the Listing Date.
- 8) The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.
- 9) In terms of rights on death or termination of employment:
 - (i) If the grantee ceases to be an eligible participant of the Share Option Plan as a result of death, ill-health, injury or disability (including permanent disability), provided that the grantee's relationship with the Group had not been otherwise terminated by the occurrence of events which would have caused his Option(s) to lapse (as defined in the Share Option Plan), the grantee or his personal representatives is entitled within 12 months from the date of cessation of being an eligible participant or death to exercise his Option in full (to the extent not already exercised);

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(a) Purpose and Principal Terms (cont'd)

- (ii) If the grantee ceases to be an eligible participant of the Share Option Plan as a result of termination of his relationship with the Group due to the occurrence of events which would have caused his Option(s) to lapse (as defined in the Share Option Plan), the grantee's Options will terminate on the date of such cessation without compensation, regardless of whether the Options are exercisable or not;
 - (iii) If the grantee's ceases to be an eligible participant of the Share Option Plan as a result of termination of his relationship with the Group for any reason other than those referred to in (i) and (ii) above, the grantee may exercise his Option up to his entitlement at the date of cessation of being an eligible participant (to the extent not already exercised) within 60 days following the date of such cessation.
- 10) The Board may, at any time, alter in any respect the terms and conditions of the Share Option Plan and the regulations for the Share Option Plan's administration and operation, provided that such alteration does not adversely affect the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with the Grantee's written consent or by special resolution passed at a meeting of the grantees.

- 11) The Company by ordinary resolution of the Board may at any time resolve to terminate the operation of the Share Option Plan and in such event no further Options shall be offered but the provisions of the Share Option Plan shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Plan and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

(b) Establishment of Employee Trust

On December 31, 2019, the Company entered into a trust deed with Trident Trust Company (HK) Limited (the "**Trustee**"), pursuant to which the Trustee has agreed to act as the trustee to administer the Share Option Plan and to hold the Shares underlying the options granted under the Share Option Plan.

To the extent permitted under the Scheme and applicable law and regulations, the Trustee shall follow the instruction of Dr. ZHANG in respect of the exercise of voting rights (if any) and powers in relation to the Shares underlying the Options until the Shares underlying the Options have been transferred outside of the Trust to the relevant Grantee(s) or their designated nominee(s).

The trust deed will terminate automatically upon the expiry of the trust period as stipulated in the Trust Deed provided that the Trustee has received all fees, costs, expenses and other amounts payable to it under or in connection with the terms of this Deed.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants

No option or award under the Share Option Plan has been granted after the Listing Date. As of June 30, 2024, outstanding options to subscribe for an aggregate of 33,163,381 Shares have been granted to a total of 118 eligible participants by the Company under the Share Option Plan. The total number of Shares available for issue under the Share Option Plan as of the date of this interim report is 33,163,381, which represents 4.88% of the issued Shares as of the date of this interim report. The Share Option Plan will expire on December 26, 2029, and the remaining life of the Share Option Plan is approximately five years as at the date of this interim report.

A summary of the grantees who have been granted options under the Share Option Plan is set forth below:

Grantee	Position/Relationship	Number of Shares under outstanding options granted				As at June 30, 2024	Weighted average closing price of Shares immediately before the options were exercised (HK\$)	Note(s)
		As at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period			
Directors								
Dr. Yi ZHANG	Executive Director; Chairman; Chief Executive Officer	4,657,720	0	0	0	4,657,720	—	1, 2, 3, 4, 5
Hong YE	Executive Director; Board Secretary	5,690,339	0	0	0	5,690,339	—	6, 7, 8, 13, 16
Other Grantees								
Other option holders including former and current employees, chief management and consultants of the Group	Not applicable	22,818,322	0	0	3,000	22,815,322	—	7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26
		33,166,381	0	0	3,000	33,163,381		

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes:

1. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94), and US\$0.65 (equivalent to approximately HK\$5.06), respectively.
2. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when a qualified initial public offering ("IPO") is achieved (which this Offering qualifies for) at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94), and US\$0.65 (equivalent to approximately HK\$5.06), respectively.
3. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidate obtains relevant regulatory approvals and has commenced sales for one year at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94), and US\$0.65 (equivalent to approximately HK\$5.06), respectively.
4. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidate obtains relevant regulatory approvals at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94), and US\$0.65 (equivalent to approximately HK\$5.06), respectively.
5. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidates commence their corresponding clinical trials at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94), and US\$0.65 (equivalent to approximately HK\$5.06), respectively.
6. With vesting commencement date on August 24, 2011 and exercisable when a qualified IPO is achieved (which this IPO qualifies for) at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
7. With vesting commencement date on December 31, 2019 and in accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in equal proportions in yearly intervals, but in any event not later than the fourth anniversary of the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of, where applicable, US\$0.25 (equivalent to approximately HK\$1.94), US\$0.39 (equivalent to approximately HK\$3.04), or US\$0.55 (equivalent to approximately HK\$4.27), respectively.
8. With vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which this IPO qualifies for), at an exercise price of US\$0.73 (equivalent to approximately HK\$5.69).
9. With vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which this Offering qualifies for), at an exercise price of, where applicable, US\$0.25 (equivalent to approximately HK\$1.94), or US\$0.65 (equivalent to approximately HK\$5.06), respectively.
10. With vesting commencement date on April 7, 2020 and in accordance with a vesting schedule, 9.09% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 18.18% of the Shares on the first anniversary, 27.27% of the Shares on the second anniversary, and 45.45% on the third anniversary, and are exercisable at an exercise price of US\$0.65 (equivalent to approximately HK\$5.06).
11. With vesting commencement date on January 1, 2017 and exercisable immediately and in yearly intervals, in equal proportions on the last day of each calendar year, when certain long service condition is satisfied, but in any event before the fifth anniversary of the vesting commencement date, at an exercise price of US\$0.25 (equivalent to approximately HK\$1.94).

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes: (cont'd)

12. With vesting commencement date on August 31, 2020 and in accordance with a vesting schedule, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 50% of the Shares on the first anniversary, and 30% of the Shares on the second anniversary, and each exercisable when certain long service condition is satisfied, at an exercise price of US\$0.65 (equivalent to approximately HK\$5.06).
13. For one eligible participant, with vesting commencement date on December 31, 2020 and in accordance with a vesting schedule, 50% of the Shares subject to the corresponding options will be vested on the vesting commencement date and the remainder on the first anniversary, and each exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
14. For one eligible participant, with vesting commencement date on September 1, 2016 and exercisable in yearly intervals, in equal proportions, when certain performance condition is satisfied, but in any event not later than the fourth anniversary of the vesting commencement date, at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
15. For one eligible participant, with vesting commencement date on June 30, 2021 and in accordance with a vesting schedule, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 20% of the Shares on the first anniversary, 20% of the Shares on the second anniversary, and 40% of the Shares on the third anniversary, and each exercisable when certain long service condition is satisfied, at an exercise price of, where applicable, US\$0.25 (equivalent to approximately HK\$1.94), or US\$0.39 (equivalent to approximately HK\$3.04), respectively.
16. With vesting commencement date on August 18, 2020 and in accordance with a vesting schedule for the eligible participants, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 50% of the Shares on the second anniversary, and 30% of the Shares on the third anniversary, and are exercisable at an exercise price of, where applicable, US\$0.25 (equivalent to approximately HK\$1.94), or US\$0.39 (equivalent to approximately HK\$3.04), respectively.
17. For 47 eligible participants, with vesting commencement dates falling on either the December 31 of 2019, 2020, 2021, 2022, or 2023 and in accordance with a vesting schedule for each of the eligible participants, the Shares subject to the corresponding options will be vested at annual intervals, but in any case not later than the fourth anniversary of the vesting commencement date, upon the satisfaction of certain performance conditions as determined by the Board at its discretion, and exercisable at an exercise price of, where applicable, US\$0.03 (equivalent to approximately HK\$0.23), or US\$0.39 (equivalent to approximately HK\$3.04), respectively.
18. For one eligible participant, with vesting commencement date on January 1, 2015 and exercisable when certain sales target is satisfied as determined by the Board at its discretion, at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
19. For one eligible participant, with vesting commencement date on December 31, 2020, the Shares subject to the corresponding options will be vested on the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
20. For one eligible participant, with vesting commencement date on April 30, 2010 and on October 25, 2018 and exercisable 12 months after a qualified IPO is achieved (which this Offering qualifies for), at an exercise price of US\$0.029 (equivalent to approximately HK\$0.23), and US\$0.18 (equivalent to approximately HK\$1.38), respectively.

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes: (cont'd)

21. For two eligible participants, with vesting commencement date on February 28, 2018 and exercisable if certain employment condition is satisfied, at an exercise price of US\$0.03 (equivalent to approximately HK\$0.23).
22. For one eligible participant, with vesting commencement date on December 31, 2020 and exercisable when certain product candidates obtain registration certificates and production permits, at an exercise price of US\$0.39 (equivalent to approximately HK\$3.03); with vesting commencement date on December 31, 2021, the Shares subject to the corresponding options will be vested on the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US\$0.39 (equivalent to approximately HK\$3.03).
23. For one eligible participant, with vesting commencement date on December 31, 2019 and exercisable when certain sales target is satisfied as determined by the Board at its discretion, at an exercise price of US\$0.39 (equivalent to approximately HK\$3.04).
24. For 11 eligible participants, with vesting commencement date on December 31, 2021 and in accordance with their respective vesting schedules, the Shares subject to the corresponding options will be vested in equal proportions at annual intervals, upon the satisfaction of certain performance conditions as determined by the Board at its discretion, but in any event not later than the fourth anniversary of the vesting commencement date, and are exercisable at an exercise price of US\$0.39 (equivalent to approximately HK\$3.04).
25. For one eligible participant, with vesting commencement date on July 31, 2019, and exercisable when certain product candidate successfully completes a clinical trial, at an exercise price of US\$0.65 (equivalent to approximately HK\$5.06).
26. For 13 eligible participants, with vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which this Offering qualifies for), at an exercise price of US\$0.73 (equivalent to approximately HK\$5.69).
27. The exercise price has been adjusted to give effect to the Capitalization Issue and rounded to two decimal places.

Please refer to Note 21 to the consolidated financial statements for further details.

As of June 30, 2024, no other options have been granted or agreed to be granted by our Company under the Share Option Plan.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme

The Company has conditionally approved and adopted an RSU scheme on April 28, 2020. The principal terms of which are set out in the section headed "D. Share Incentive Schemes — 2. RSU Scheme" in Appendix IV to the Prospectus.

(a) Term

Subject to the termination provision of the RSU Scheme, it shall be valid and effective for a period of 10 years commencing on the Listing Date. As such, the remaining life of the RSU Scheme is approximately 5.5 years as of the date of this interim report. Upon the expiry of the RSU Scheme, no further Awards (as defined below) will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the Term of the RSU Scheme may continue to be exercisable in accordance with their terms of issue.

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the RSU Scheme and in such event no further Awards will be granted but in all other respects the provisions of the RSU Scheme shall remain in full force and effect in respect of RSU which are granted during the life of the RSU Scheme and which remain unvested immediately prior to the termination of the operation of the scheme.

(b) Purpose

The purpose of the RSU Scheme is to incentivize eligible participants in the RSU Scheme for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(c) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following categories of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up the Awards (as defined below):

- (i) the employees or officers (including executive, non-executive and independent non-executive Directors);
- (ii) any person or entity that provides research, development, consultancy and other technical or operational or administrative support to the Group; and
- (iii) any other persons who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of its Subsidiaries.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(d) Awards

An award pursuant to the RSU Scheme (an "**Award(s)**") gives a RSU Participant a conditional right when the relevant restricted share unit (an "**RSU(s)**") vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSU, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion. Each RSU represents one underlying Share.

(e) Grant and Acceptance of Awards

On and subject to the terms of the RSU Scheme and the terms and conditions that the Board imposes pursuant thereto, the Board shall be entitled at any time during the life of the RSU Scheme to make a grant to any RSU Participant, as the Board may in its absolute discretion determine. For the avoidance of doubt, "grant" used in this "Supplemental Information — Shares Incentive Schemes — 2. RSU Scheme" section has the meaning as defined under Chapter 17 of the Listing Rules, and such meaning only applies to this section of this interim report.

Awards may be granted on such terms and conditions (e.g. by linking the vesting of their RSU to the attainment or performance of milestones by any member of the Group, the grantee or any group of RSU Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the RSU Scheme.

A grant shall be made to a RSU Participant in such form as the Board may from time to time determine (the "**Notice of Grant**") and such grant shall be subject to the terms as specified in the RSU Scheme. The RSU Participant shall undertake to hold the Award on the terms on which it is granted and be bound by the provisions of the RSU Scheme. Such Award shall remain open for acceptance by the RSU Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after May 15, 2030 or after the RSU Scheme has been terminated in accordance with the provisions hereof. To the extent that the Award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the RSU Participant accepts the offer of grant of RSU(s) by signing the Notice of Grant, he is required to sign an acceptance notice and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the RSU Participant of a duly executed acceptance notice, the RSU(s) is deemed granted to such RSU Participant from the date of the Notice of Grant, and the RSU Participant becomes a grantee (the "**Grantee**") in the RSU Scheme.

(f) Vesting

The Board has the sole discretion to determine the vesting criteria, conditions and the time for any grant of Award(s) to any Grantee (including, if applicable, a purpose price of shares awarded), which may also be adjusted and re-determined by the Board from time to time. If the vesting conditions are not satisfied or waived by the Board, the RSU shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion. The Grantee may obtain either Shares or an equivalent value in cash when the Award vests.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(g) *Restriction on Grant of Awards*

The Board may not grant any Awards where (a) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained; (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the RSU Scheme, unless the Board determines otherwise; (c) where granting the Award would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or where such grant of Award would result in a breach of the limits of the RSU Scheme.

Any Awards granted under the RSU Scheme and any other share scheme (as defined under the Listing Rules) to a specific participant (excluding any options and awards lapsed in accordance with the terms of such scheme) in a 12 month period up to and including the date of an Award shall not exceed 1% of the total issued Share capital of the Company unless such Award is approved by the shareholders of the Company (with the Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting).

Further, no grant shall be made to, nor shall any grant be capable of acceptance by, any RSU Participant at a time when the RSU Participant would or might be prohibited from dealing in the Shares by any applicable rules, regulations or laws. In particular, where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Any grant of an Award to any connected person (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit

The maximum number of Shares which may be granted under the RSU Scheme is 6,100,420, representing approximately 0.9% of the number of issued Shares capital of the Company as of June 30, 2024. All of the Shares were held by Trident Trust Company (HK) Limited, a trust established for the administration of the RSU Scheme. No new Shares may be allotted pursuant to the RSU Scheme.

The voting rights attached to the Shares underlying the Award shall at all times be exercised by the enforcer or adviser of Trident Trust Company (HK) Limited in accordance with the terms of the relevant trust deed, provided that in accordance with the Listing Rules, the trustee of Trident Trust Company (HK) Limited holding unvested Shares shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

A summary of the Awards granted to Directors and service providers under the RSU Scheme as of June 30, 2024 are as follows:

Participant	Date of grant	Number of RSU granted	Vesting period	Closing price of Shares immediately before the date of grant (HK\$)	Value of award as at the date of grant ⁽⁷⁾	Number of RSUs			Weighted average closing price of Shares immediately before the RSUs were vested (HK\$)			
						As of January 1, 2024	Vested during the Reporting Period	Cancelled or Lapsed during the Reporting Period ⁽⁴⁾		Granted but not vested balance as of June 30, 2024		
Directors												
Robert Ralph PARKS	October 30, 2020	2,835	⁽¹⁾	24.65	US\$12,842	—	—	—	—	2.52		
	September 30, 2020	7,056	⁽¹⁾	26.85	US\$25,000	—	—	—	—			
	December 31, 2020	6,871	⁽¹⁾	28.35	US\$25,000	—	—	—	—			
	March 31, 2021	7,828	⁽¹⁾	24.7	US\$25,000	1,566	1,566	—	—			
	June 30, 2021	5,359	⁽¹⁾	35.9	US\$25,000	1,072	1,072	—	—			
	September 30, 2021	9,129	⁽¹⁾	20.05	US\$25,000	1,826	—	—	1,826			
	December 31, 2021	14,586	⁽¹⁾	12.54	US\$25,000	2,917	—	—	2,917			
	April 1, 2022	25,709	⁽¹⁾	7.1	US\$25,000	10,284	5,142	—	5,142			
	June 30, 2022	25,012	⁽¹⁾	7.69	US\$25,000	10,004	5,002	—	5,002			
	September 30, 2022	31,755	⁽¹⁾	5.85	US\$25,000	12,702	—	—	12,702			
	December 31, 2022	20,020	⁽¹⁾	9.56	US\$25,000	8,008	—	—	8,008			
	1 April 2023	19,907	⁽¹⁾	9.83	US\$25,000	11,943	3,981	—	7,962			
	30 June 2023	31,852	⁽¹⁾	5.86	US\$25,035	19,110	6,370	—	12,740			
	September 29, 2023	27,419	⁽¹⁾	7.25	US\$25,000	16,452	—	—	16,452			
	December 31, 2023	26,440	⁽¹⁾	7.39	US\$25,000	15,864	—	—	15,864			
	June 21, 2024	50,203	⁽¹⁾	2.87	US\$25,000	—	20,081	—	30,122			
	June 30, 2024	74,738	⁽¹⁾	2.28	US\$25,000	—	29,894	—	44,844			
	Stephen Newman OESTERLE	September 30, 2020	7,056	⁽¹⁾	26.85	US\$25,000	—	—	—		—	2.52
		June 30, 2020	2,835	⁽¹⁾	35.8	US\$12,842	—	—	—		—	
		December 31, 2020	6,871	⁽¹⁾	28.35	US\$25,000	—	—	—		—	
March 31, 2021		7,828	⁽¹⁾	24.7	US\$25,000	1,566	1,566	—	—			
June 30, 2021		5,359	⁽¹⁾	35.9	US\$25,000	1,072	1,072	—	—			
September 30, 2021		9,129	⁽¹⁾	20.05	US\$25,000	1,826	—	—	1,826			
December 31, 2021		14,586	⁽¹⁾	12.54	US\$25,000	2,917	—	—	2,917			
April 1, 2022		25,709	⁽¹⁾	7.1	US\$25,000	10,284	5,142	—	5,142			
June 30, 2022		25,012	⁽¹⁾	7.69	US\$25,000	10,004	5,002	—	5,002			
September 30, 2022		31,755	⁽¹⁾	5.85	US\$25,000	12,702	—	—	12,702			
December 31, 2022		20,020	⁽¹⁾	9.56	US\$25,000	8,008	—	—	8,008			
1 April 2023		19,907	⁽¹⁾	9.83	US\$25,000	11,943	3,981	—	7,962			
30 June 2023		31,852	⁽¹⁾	5.86	US\$25,035	19,110	6,370	—	12,740			
September 29, 2023		27,419	⁽¹⁾	7.25	US\$25,000	16,452	—	—	16,452			
December 31, 2023		26,440	⁽¹⁾	7.39	US\$25,000	15,864	—	—	15,864			
June 21, 2024		50,203	⁽¹⁾	2.87	US\$25,000	—	20,081	—	30,122			
June 30, 2024		74,738	⁽¹⁾	2.28	US\$25,000	—	29,894	—	44,844			

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

Participant	Date of grant	Number of RSU granted	Vesting period	Closing price of Shares immediately before the date of grant (HK\$)	Value of award as at the date of grant ⁽⁷⁾	Number of RSUs			Weighted average closing price of Shares immediately before the RSUs were vested (HK\$)	
						As of January 1, 2024	Vested during the Reporting Period	Cancelled or Lapsed during the Reporting Period ⁽⁴⁾		Granted but not vested balance as of June 30, 2024
Service Providers⁽⁵⁾⁽⁸⁾										
	June 1, 2020	10,844	⁽²⁾	25.35	US\$37,500	—	—	—	—	4.25
	September 1, 2020	10,693	⁽²⁾	25.8	US\$37,500	—	—	—	—	—
	December 1, 2020	14,067	⁽²⁾	20.6	US\$37,500	—	—	—	—	—
	March 1, 2021	11,766	⁽²⁾	23.8	US\$37,500	—	—	—	—	—
	June 1, 2021	10,034	⁽²⁾	28.95	US\$37,500	—	—	—	—	—
	September 1, 2021	12,802	⁽²⁾	22.85	US\$37,500	—	—	—	—	—
	October 14, 2021	50,000	⁽²⁾	20.6	US\$131,213	—	—	—	—	—
	December 1, 2021	16,228	⁽²⁾	16.78	US\$37,500	—	—	—	—	—
	March 1, 2022	22,593	⁽²⁾	12.3	US\$37,500	—	—	—	—	—
	May 31, 2022	43,283	⁽²⁾	6.48	US\$37,500	—	—	—	—	—
	August 31, 2022	46,721	⁽²⁾	6.25	US\$37,500	—	—	—	—	—
	December 1, 2022	49,186	⁽²⁾	7.73	US\$50,000	—	—	—	—	—
	September 21, 2020	60,133 ⁽⁹⁾	⁽¹⁰⁾	28.6	RMB1,500,000	70,261 ⁽⁶⁾	—	—	70,261	—
	March 1, 2023	17,064	⁽²⁾	11.38	US\$25,000	—	—	—	—	—
	June 1, 2023	27,281	⁽³⁾	6.82	US\$25,000	—	—	—	—	—
	September 1, 2023	27,002	⁽³⁾	7.26	US\$25,000	—	—	—	—	—
	December 1, 2023	24,351	⁽³⁾	8.01	US\$25,000	—	—	—	—	—
	March 1, 2024	38,001	⁽³⁾	5.08	US\$25,000	—	—	—	—	—
	June 1, 2024	53,403	⁽³⁾	3.66	US\$25,000	—	—	—	—	—

Notes:

- RSUs were granted on a quarterly basis on March 31, June 30, September 30 and December 31 unless otherwise agreed. 40% of the RSUs granted shall vest immediately upon granting, 20%, 20% and 20% of the RSUs granted shall vest on the first, second and third anniversary of the respective grant dates. The RSUs are granted with the purchase price of zero.
- The Award vests immediately upon grant. The RSUs are granted with the purchase price of zero.
- The Award vests immediately upon grant.
- No RSUs granted to Directors or service providers were cancelled or lapsed during the Reporting Period.
- One of the service providers is a consultant, who is a former employee of Peijia Medical. He had resigned from Peijia Medical on December 31, 2021 and became a consultant of Peijia Medical immediately upon his resignation. Pursuant to a contract entered into on January 1, 2022 between the Company, Suzhou Peijia, and the consultant, the RSUs held by the consultant continue to remain valid.
- Number of RSUs under the award as of January 1, 2024 and June 30, 2024 are indicative only, and are based on an illustrative exchange rate of HK\$1:RMB0.89327 and an illustrative closing price of HK\$9.56 per Share (being the closing price of the Shares on December 30, 2022). The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date.
- Awards granted to Directors and service providers were granted with reference to a fixed monetary value. Therefore, no valuation on the fair value of the award as of the date of grant was made on the RSUs granted.
- No service providers were granted RSUs in any 12-month period exceeding 0.1% of the issued Shares.
- The award was granted at an absolute monetary value of RMB1,500,000. Number of RSUs under the award is indicative only, and is based on the exchange rate of HK\$1:RMB0.87219 and the closing price of the Shares on September 21, 2020, being HK\$28.6 per Shares. The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date.
- The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of the grant date respectively.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

A summary of the Awards granted to employees (excluding Directors) under the RSU Scheme as of June 30, 2024 are as follows:

Date of grant	Monetary value of the Award ⁽¹⁾ (RMB)	Vesting Period	Closing price of Shares immediately before the date of grant (HK\$)	Indicative number of RSUs under the unvested Award as of January 1, 2024 ⁽⁴⁾	Monetary value of the unvested Award as of January 1, 2024 (RMB)	Number of RSUs vested during the Reporting Period ⁽¹⁷⁾	Number of RSUs lapsed during the Reporting Period ⁽³⁾	Indicative number of RSUs under the unvested Award as of June 30, 2024 ⁽⁴⁾	Monetary value of the unvested Award as of June 30, 2024 (RMB)
Employees (excluding Directors)⁽⁵⁾									
October 12, 2020	2,000,000	⁽⁷⁾	28	117,101	1,000,000	—	—	117,101	1,000,000
December 21, 2020	7,000,000	⁽⁸⁾	24.4	427,417	3,650,000	—	—	427,417	3,650,000
April 1, 2022	3,000,000	⁽¹³⁾	7.1	210,781	1,800,000	—	—	210,781	1,800,000
March 1, 2021	5,000,000	⁽⁶⁾	23.8	351,302	3,000,000	216,908	—	234,201	2,000,000
April 1, 2021	1,050,000	⁽¹⁰⁾	24.75	40,985	350,000	105,451	—	—	—
March 1, 2021	350,000	⁽¹⁸⁾	23.8	32,788	280,000	15,184	—	24,591	210,000
November 4, 2021	750,000	⁽¹⁶⁾	17.28	87,826	750,000	—	—	87,826	750,000
November 4, 2021	426,023 ⁽¹⁵⁾	⁽¹²⁾	17.28	39,910	340,818	—	—	39,910	340,818
November 4, 2021	1,789,296 ⁽¹⁵⁾	⁽¹²⁾	17.28	167,622	1,431,438	—	—	167,622	1,431,438
November 4, 2021	1,278,069 ⁽¹⁵⁾	⁽¹²⁾	17.28	119,730	1,022,455	—	—	119,730	1,022,455
January 1, 2023	1,250,000	⁽⁹⁾	7.31	117,101	1,000,000	—	—	117,101	1,000,000
May 25, 2023	1,000,000	⁽¹¹⁾	7.46	—	—	—	—	—	—
May 25, 2023	5,660,404	⁽¹¹⁾	7.46	—	—	—	—	—	—
September 25, 2023	1,140,000	⁽¹⁴⁾	6.96	106,796	912,000	—	—	106,796	912,000
Including: top five highest paid employees⁽⁵⁾									
December 21, 2020	7,000,000	⁽⁸⁾	24.4	427,417	3,650,000	—	—	427,417	3,650,000
April 1, 2022	3,000,000	⁽¹³⁾	7.1	210,781	1,800,000	—	—	210,781	1,800,000
March 1, 2021	5,000,000	⁽⁶⁾	23.8	351,302	3,000,000	216,908	—	234,201	2,000,000
May 25, 2023	5,660,404	⁽¹¹⁾	7.46	—	—	—	—	—	—

Notes:

- Awards granted to employees (other than directors) were in an absolute monetary amount as at the date of grant. The number of RSUs to be vested is determined at each vesting date. Therefore, no valuation on the fair value of the award as of the date of grant was made on the RSU granted.
- The RSUs were granted with the purchase price of zero.
- No RSUs were cancelled during the Reporting Period.
- The number of RSUs under the award as of January 1, 2024 and June 30, 2024 are indicative only, and are based on an illustrative exchange rate of HK\$1:RMB0.89327 and an illustrative closing price of the Shares of HK\$9.56 per Share (being the closing price of the Shares on December 30, 2022). The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

5. The weighted average closing price of Shares immediately before the RSUs were vested during the Reporting Period for employees (excluding Directors) was HK\$5.01. The weighted average closing price of Shares immediately before the RSUs were vested during the Reporting Period for the top five highest paid employees is HK\$4.98.
6. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of the grant date respectively.
7. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 15% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first and second anniversary of the grant date respectively; RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on the third and fourth anniversary of the grant date respectively; RSUs worth 30% of the monetary value of the Award (calculated at each vesting date) shall be vested on the fifth anniversary of the grant date.
8. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 12.9% of the monetary value of the Award (calculated at vesting date) shall be vested on the first anniversary of the grant date; RSUs worth 15.7% of the monetary value of the Award (calculated at vesting date) shall be vested on the second anniversary of the grant date; RSUs worth 19.3% of the monetary value of the Award (calculated at vesting date) shall be vested on the third anniversary of the grant date; RSUs worth 23.6% of the monetary value of the Award (calculated at vesting date) shall be vested on the fourth anniversary of the grant date; RSUs worth 28.5% of the monetary value of the Award (calculated at vesting date) shall be vested on the fifth anniversary of the grant date.
9. The Award has a vesting term of 5 years. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on April 17, 2023, April 17, 2024, April 17, 2025, April 17, 2026, and April 17, 2027 respectively.
10. The Award has a vesting term of 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: RSU worth one-third of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second and third anniversary of the grant date respectively.
11. The Award vests immediately upon grant.
12. The Award has a vesting term of 5 years from January 1, 2021. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2022; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2024; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025.
13. The Award has a vesting term of 5 years from December 21, 2021. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of December 21, 2021 respectively.
14. The Award has a vesting term of 4 years from January 1, 2023. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2023; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2026.
15. The remuneration under the relevant employee contracts were denominated in Hong Kong dollars. The monetary value of the award was based on the exchange rate on November 4, 2021 of HK\$1:RMB0.82155.
16. The Award has a vesting term of 5 years from January 1, 2022. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2023; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2026.
17. At the sole discretion of the Board, the Grantees may obtain either Shares or an equivalent value in cash, with reference to the market value of the Shares on or about the vesting date.
18. The Award has a vesting term of 5 years from March 1, 2022. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of March 1, 2022 respectively.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) *General and Maximum Limit (cont'd)*

None of the grantees were chief executive or substantial shareholders of the Company, or their respective associates during the Reporting Period.

Please refer to Note 20 and 21 to the consolidated financial statements for further details.

3. Share Option Scheme

The Company has conditionally approved and adopted a Share Option Scheme on April 28, 2020.

A summary of the principal terms of which are set out in the section headed "D. Share Incentive Schemes – 3. Share Option Scheme" in Appendix IV to the Prospectus.

(a) *Term*

Subject to the termination provision of the Share Option Scheme, it shall be valid and effective for a period of 10 years commencing on the Listing Date. As such, the remaining life of the Share Option Scheme is approximately 5.5 years as of the date of this interim report. Upon the expiry of the Share Option Scheme, no further Options will be granted, but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options that are granted during the Term of the Share Option Scheme may continue to be valid and exercisable in accordance the Share Option Scheme.

The Company by ordinary resolution of the Board may at any time resolve to terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(b) *Purpose*

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine the performance targets to be achieved as well as the vesting period and exercise period of an option on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(c) *Who may join*

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

(d) *Maximum number of Shares*

- (i) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 61,004,200 (the "**General Scheme Limit**"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option, which represents approximately 8.98% of issued shares as at the date of this report.
- (ii) Without prejudice to paragraph (iii) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.03C(2) of the Listing Rules.

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(d) *Maximum number of Shares (cont'd)*

- (iii) Without prejudice to paragraph (ii) above, the Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (ii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.03C(3) of the Listing Rules.

(e) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before

Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 17.03(9) and Rule 17.03E of the Listing Rules.

(f) *Grant of options to connected persons*

- (i) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

- (ii) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

1. representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
2. having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(f) Grant of options to connected persons (cont'd)

such further grant of options must be approved by the Shareholders in a general meeting. The Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in a general meeting.

(g) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any Business Day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant. The amount payable per Share on subscription or acceptance of the underlying options under the Share Option Scheme is HK\$1.00, and the period within which payments must be made is five business days from the date on which the letter containing the offer to the underlying options under the Share Option Scheme is delivered to the eligible participant.

Please refer to Note 21 to the consolidated financial statements for further details.

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(g) *Subscription price for Shares and consideration for the option (cont'd)*

A summary of the options granted under the Share Option Scheme that were still outstanding as of June 30, 2024 are as follows:

Grantee	Position/ Relationship	Date of Grant	Vesting Period	Exercise Period	Exercise Price ⁽⁵⁾ (HK\$)	As of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	As of June 30, 2024
190 Employees	Other employee participants	2021/12/7	2021/1/1- 2025/12/31	2021/12/7- 2031/12/6	15.97	1,861,180	0	0	0	43,575	1,817,605
		2021/12/7	2021/7/1- 2026/6/30	2021/12/7- 2031/12/6	15.97	312,525	0	0	0	0	312,525
		2021/12/7	2022/1/1- 2024/12/31	2021/12/7- 2031/12/6	15.97	100,000	0	0	0	0	100,000
		2021/12/7	2022/1/1- 2026/12/31	2021/12/7- 2031/12/6	15.97	3,391,914	0	0	0	65,722	3,326,192
66 employees	Other employee participants	2023/01/19	2023/01/19- 2027/01/18	2023/01/19- 2033/01/18	11.44	1,150,028	0	0	0	13,334	1,136,694
		2023/01/19	2023/01/19- 2028/01/18	2023/01/19- 2033/01/18	11.44	782,332	0	0	0	54,112	728,220
						7,597,979	0	0	0	176,743	7,421,236

Supplementary Information

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(g) *Subscription price for Shares and consideration for the option (cont'd)*

Notes:

- (1) During the Reporting Period, a total of 176,743 share options lapsed due to 9 employees resigning from the Group.
- (2) The closing price per Share immediately on the date of grant (December 7, 2021) was HK\$15.26. The closing price per Share immediately on the date of grant (January 19, 2023) was HK\$10.96.
- (3) Performance targets: the Grantees must (i) achieve Grade B or above in their respective performance appraisals; and (ii) remain as employees of the Company when the relevant Share Options are vested.
- (4) The fair value of the share options granted on December 7, 2021 was approximately HK\$53,117,000. The fair value of the share options granted on January 19, 2023 was approximately HK\$10,140,000. The accounting standard and policy adopted to estimate the fair value of the awards at the date of grant per Share is set out in note 21 of the Notes to Financial Statements.
- (5) The exercise price of the options was the average of the closing prices of the Shares as stated in the daily quotations sheet by the Stock Exchange for the five business days immediately preceding the date of grant.

As of June 30, 2024, assuming that all outstanding options to subscribe for aggregate of 7,421,236 Shares are exercised, the remaining total number of Shares available for issue under the Share Option Scheme is 53,582,964 Shares, representing approximately 7.89% of the issued share capital of the Company as at the date of this interim report.

As of January 1, 2024, the number of options available for grant under the scheme mandate was 53,406,221. 53,582,964 options were available for grant under the scheme mandate as of June 30, 2024.

As no options or award may be granted under the Share Option Plan after the Listing Date, and no options were granted during the Reporting Period under the Share Option Scheme, the calculation under Rule 17.07(3)

(being the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period, divided by the weighted average number of Shares in issue (excluding treasury Shares) for the Reporting Period) is 0.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

For the year ended December 31, 2023, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the six months ended June 30, 2024.

Except as disclosed above, a total of 770,603 Shares have been granted and paid to two independent non-executive Directors, namely Dr. Stephen Newman OESTERLE and Mr. Robert Ralph PARKS, under the RSU Scheme, for the six months ended June 30, 2024, by the Group to or on behalf of any of the Directors.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the six months ended June 30, 2024 or subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended June 30, 2024.

Supplementary Information

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

The table below sets forth the utilization of the net proceeds from the Global Offering and the expected timeline of the unutilized amount as of June 30, 2024:

Business objective as stated in the Prospectus	Percentage to total amount %	Net proceeds HK\$ million	Unutilized amount as of December 31, 2023 HK\$ million	Utilized amount during the Reporting Period HK\$ million	Unutilized amount as of June 30, 2024 HK\$ million	Expected timeline for unutilized amount
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	732.37	127.52	604.85	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	79.64	25.39	54.25	Yr 2025
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	812.01	152.91	659.10	

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

As of June 30, 2024, net proceeds from the Global Offering not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

Supplementary Information

USE OF PROCEEDS FROM THE PLACING

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

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

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

The table below sets forth the utilization of the net proceeds from the Placing and the expected timeline of the unutilized amount as of June 30, 2024:

Business objective as stated in the announcement of the Company dated January 22, 2021	Percentage to total amount %	Net proceeds HK\$ million	Unutilized amount as of December 31, 2023 HK\$ million	Utilized amount during the Reporting Period HK\$ million	Unutilized amount as of June 30, 2024 HK\$ million	Expected timeline for unutilized amount
To fund potential product licensing and possible merger and acquisition opportunities in the area of mitral valve replacement and repair treatment, including a collaboration and license agreement for transeptal mitral valve replacement with HighLife SAS dated December 18, 2020 (for further details, please refer to the voluntary announcement of the Company, published on December 21, 2020)	30	291.44	25.31	0	25.31	Yr 2025
To fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment	40	388.59	0	0	0	—
To fund ongoing technology transfer, product development, and research and development, across the Group	25	242.87	0	0	0	—
For other general corporate purposes	5	48.58	48.58	0	48.58	Yr 2025
Total	100	971.48	73.89	0	73.89	

USE OF PROCEEDS FROM THE PLACING (CONT'D)

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

As of June 30, 2024, net proceeds from the Placing not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On July 23, 2024, Edwards (through its wholly-owned subsidiary) agreed to acquire JenaValve, by way of a merger. Immediately after the closing of the merger, the Company will cease to hold any equity interests in JenaValve. The merger agreement provides for an upfront payment at closing of US\$500 million, subject to customary adjustments, and contingent consideration of up to US\$445 million. For further details, please refer to the Company's announcements dated July 25, 2024, July 26, 2024 and August 5, 2024.

On September 3, 2024, the Company announced that PricewaterhouseCoopers ("**PWC**") will retire as the auditor of the Company upon expiration of its current term of office at the conclusion of the forthcoming annual general meeting of the Company ("**AGM**"), and at the recommendation of the Audit Committee, it has resolved to appoint Deloitte Touche Tohmatsu as the new auditor of the Company following the retirement of PwC with effect from the conclusion of the AGM and until the conclusion of the next annual general meeting of the Company, subject to the approval by the Shareholders at the AGM. For further details, please refer to the Company's announcement dated September 3, 2024 and the Company's circular dated September 5, 2024.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this report.

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

Hong Kong, August 23, 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the six months ended June 30, 2024

	Note	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	301,203	224,871
Cost of sales	4	(82,338)	(51,914)
Gross profit		218,865	172,957
Selling and distribution expenses	4	(151,565)	(172,093)
Administrative expenses	4	(62,625)	(62,383)
Research and development expenses	4	(100,484)	(171,295)
Other income	5	9,944	2,709
Other gains/(losses) — net	6	1,091	(3,202)
Operating loss		(84,774)	(233,307)
Finance income		16,427	21,965
Finance costs		(132)	(131)
Finance income — net	7	16,295	21,834
Loss before income tax		(68,479)	(211,473)
Income tax expense	8	(2,804)	(602)
Loss for the period		(71,283)	(212,075)
Loss is attributable to:			
Owners of the Company		(71,273)	(212,061)
Non-controlling interests		(10)	(14)
		(71,283)	(212,075)
Other comprehensive income for the period		—	—
Total comprehensive loss for the period		(71,283)	(212,075)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(71,273)	(212,061)
Non-controlling interests		(10)	(14)
		(71,283)	(212,075)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (in RMB per share)	9	(0.10)	(0.31)

The above interim condensed consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2024

	<i>Note</i>	June 30, 2024	December 31, 2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Right-of-use assets	10	44,575	44,634
Property, plant and equipment	11	503,073	453,971
Intangible assets	12	522,225	527,874
Investments accounted for using equity method	13	5,918	6,055
Other receivables	14	3,334	6,892
Prepayments	15	6,137	7,988
Term deposits	16	—	100,000
Financial assets at fair value through profit or loss	17	305,997	287,058
Total non-current assets		1,391,259	1,434,472
Current assets			
Inventories	18	157,157	170,648
Financial assets at fair value through profit or loss	17	93,972	77,157
Trade and other receivables	14	102,084	80,211
Prepayments	15	38,176	43,708
Term deposits	16	130,000	70,000
Cash and cash equivalents	16	701,326	795,768
Total current assets		1,222,715	1,237,492
Total assets		2,613,974	2,671,964

Interim Condensed Consolidated Balance Sheet

As at June 30, 2024

	Note	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Share capital and share premium	19	6,355,034	6,359,128
Treasury shares held in a trust	20	(75,337)	(53,730)
Other reserves		78,203	74,046
Accumulated losses		(4,176,609)	(4,105,336)
Equity attribute to owners of the Company		2,181,291	2,274,108
Non-controlling interests		(38)	(28)
Total equity		2,181,253	2,274,080
Liabilities			
Non-current liabilities			
Lease liabilities		2,381	1,127
Deferred tax liabilities	22	20,320	20,320
Borrowings	23	217,147	203,594
Other payables	24	5,658	5,490
Deferred income		12,781	13,104
Total non-current liabilities		258,287	243,635
Current liabilities			
Contract liabilities		274	—
Lease liabilities		1,919	2,586
Borrowings	23	31,253	13,828
Trade and other payables	24	140,988	137,835
Total current liabilities		174,434	154,249
Total liabilities		432,721	397,884
Total equity and liabilities		2,613,974	2,671,964

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Share capital and share premium RMB'000	Other reserves RMB'000	Treasury shares held in a trust RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2023 (Audited)	6,369,548	63,617	(82,739)	(3,712,811)	*	2,637,615
Comprehensive loss:						
Loss for the period	—	—	—	(212,061)	(14)	(212,075)
Total comprehensive loss	—	—	—	(212,061)	(14)	(212,075)
Transactions with owners in their capacity as owners:						
Exercise of share options	6,608	(2,489)	—	—	—	4,119
Restricted share units vested	(16,601)	(6,835)	25,278	—	—	1,842
Share-based payments	—	12,985	—	—	—	12,985
Balance at June 30, 2023 (Unaudited)	6,359,555	67,278	(57,461)	(3,924,872)	(14)	2,444,486

	Share capital and share premium RMB'000	Other reserves RMB'000	Treasury shares held in a trust RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2024 (Audited)	6,359,128	74,046	(53,730)	(4,105,336)	(28)	2,274,080
Comprehensive loss:						
Loss for the period	—	—	—	(71,273)	(10)	(71,283)
Total comprehensive loss	—	—	—	(71,273)	(10)	(71,283)
Transactions with owners in their capacity as owners:						
Acquisition of shares by the Trust	—	—	(26,692)	—	—	(26,692)
Restricted share units vested	(4,094)	(332)	5,085	—	—	659
Share-based payments	—	4,489	—	—	—	4,489
Balance at June 30, 2024 (Unaudited)	6,355,034	78,203	(75,337)	(4,176,609)	(38)	2,181,253

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

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(53,441)	(483,276)
Interest received	14,281	13,519
Interest paid	(132)	(115)
Income taxes paid	(2,095)	(448)
Net cash used in operating activities	(41,387)	(470,320)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	36	252
Proceeds from maturity of term deposits	40,000	—
Payments for acquisitions of property, plant and equipment	(59,729)	(85,821)
Payments for acquisitions of financial assets at fair value through profit or loss	(31,438)	(20,480)
Payments for settlement of foreign exchange forward contracts	(4,826)	(28,045)
Payments for acquisitions of intangible assets	(357)	(140,311)
Payments for investments accounted for using equity method	—	(12,000)
Net cash used in investing activities	(56,314)	(286,405)
Cash flows from financing activities		
Proceeds from bank borrowings	31,000	113,253
Proceeds from exercise of share options	—	2,750
Acquisition of shares under the restricted share award scheme	(26,692)	—
Interest paid to bank borrowings	(4,220)	(2,649)
Principal elements of lease payments	(1,762)	(1,623)
Repayment of bank borrowing	—	(56,000)
Net cash (used in)/generated from financing activities	(1,674)	55,731
Net decrease in cash and cash equivalents	(99,375)	(700,994)
Cash and cash equivalents at beginning of the period	795,768	1,669,665
Exchange gains on cash and cash equivalents	4,933	23,956
Cash and cash equivalents at end of the period	701,326	992,627

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

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 Neurointerventional Business is primarily operated by Achieva Medical Limited (“**Achieva Medical**”) together with its subsidiaries (“**Achieva Group**”).

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

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

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

2 SEGMENT

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

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

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

Transcatheter Valve Therapeutic Business

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

2 SEGMENT (CONT'D)

Neurointerventional Business

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

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

The revenue is mainly generated in China.

The segment information provided to the Group's CODM for reportable segments for the six months ended June 30, 2024 and 2023 is as follows:

	Six months ended June 30, 2024		
	Transcatheter Valve Therapeutic Business	Neurointerventional Business	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	130,317	170,886	301,203
Cost of sales	(23,700)	(58,638)	(82,338)
Selling and distribution expenses	(109,122)	(42,443)	(151,565)
Administrative expenses	(50,461)	(12,164)	(62,625)
Research and development expenses	(71,559)	(28,925)	(100,484)
Segment loss	(124,525)	28,716	(95,809)

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

3 REVENUE

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of goods — at a point in time	301,203	224,871

4 EXPENSES BY NATURE

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Change of work in process and finished goods	6,600	(3,570)
Raw materials and consumables used	66,798	54,348
Employee benefits expenses	162,235	159,402
Promotion expenses	31,192	36,022
Service expenses for research and development	21,467	103,109
Professional services	20,458	25,096
Insurance expenses	18,250	23,169
Depreciation of property, plant and equipment (<i>Note 11</i>)	16,538	11,292
Utilities and office expenses	11,705	7,967
Travelling and transportation expenses	11,425	11,557
Entertainment expenses	8,959	9,174
Amortisation of intangible assets (<i>Note 12</i>)	6,786	7,065
Depreciation and amortisation of right-of-use assets	1,977	1,704
Auditor's remuneration	2,343	2,025
Depreciation and amortisation of investment properties	—	270
Others	10,279	9,055
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	397,012	457,685

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

5 OTHER INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	9,944	2,126
Rental income	—	583
	9,944	2,709

6 OTHER GAINS/(LOSSES) — NET

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gains	4,660	23,999
Fair value gains on financial assets at fair value through profit or loss	2,002	2,179
Loss from foreign exchange forward contracts-net	(4,826)	(28,045)
Share of losses of associates	(137)	(50)
Losses on disposal of property, plant and equipment	(307)	(91)
Others	(301)	(1,194)
	1,091	(3,202)

7 FINANCE INCOME — NET

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
Interest income	16,427	21,965
Finance costs:		
Interest expense on lease liabilities	(132)	(115)
Interest expense on bank borrowings	—	(16)
	(132)	(131)
Finance income — net	16,295	21,834

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

8 INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	(2,804)	(602)
Deferred income tax	—	—
Income tax expense	(2,804)	(602)

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%, 20% 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 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

9 LOSS PER SHARE

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Numerator:		
Loss attributable to owners of the Company (RMB'000)	(71,273)	(212,061)
Denominator:		
Weighted average number of ordinary shares in issue (in thousands)	679,375	677,414
Basic loss per share (RMB)	(0.10)	(0.31)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2024, the Company had one category of potential ordinary shares: the stock options granted to employees (Note 21). As the Group incurred losses for the six months ended June 30, 2024 and 2023, 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 six months ended June 30, 2024 and 2023 are the same as basic loss per share.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

10 RIGHT-OF-USE ASSETS

	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Right-of-use assets		
— Land use rights (a)	40,052	40,576
— Buildings (b)	4,523	4,058
	44,575	44,634

(a) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the remaining lease term is 27–50 years as of June 30, 2024. The movements of land use rights are analysed as follows:

	Land use rights
	RMB'000
At December 31, 2023 (Audited)	
Cost	43,163
Accumulated amortisation	(2,587)
Net book value	40,576
Six months ended June 30, 2024 (Unaudited)	
Opening net book value	40,576
Amortisation charge	(524)
Closing net book value	40,052
At June 30, 2024 (Unaudited)	
Cost	43,163
Accumulated amortisation	(3,111)
Net book value	40,052

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

10 RIGHT-OF-USE ASSETS (CONT'D)

(b) Buildings

The Group leases offices for own use. Information about leases for which the Group is a lessee is presented below:

	Buildings RMB'000
At December 31, 2023 (Audited)	
Cost	10,710
Accumulated depreciation	(6,652)
<hr/>	
Net book value	4,058
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Six months ended June 30, 2024 (Unaudited)	
Opening net book value	4,058
Additions	2,347
Depreciation charge	(1,882)
<hr/>	
Closing net book value	4,523
<hr/>	
At June 30, 2024 (Unaudited)	
Cost	13,057
Accumulated depreciation	(8,534)
<hr/>	
Net book value	4,523
<hr/>	

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At December 31, 2023 (Audited)								
Cost	61,968	15,773	23,072	110,513	3,434	290,454	23,936	529,150
Accumulated depreciation	(18,453)	(3,995)	(16,193)	(20,849)	(1,715)	—	(13,974)	(75,179)
Net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
Six months ended June 30, 2024 (Unaudited)								
Opening net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
Transferred in from construction in progress	318,905	—	—	265	—	(319,170)	—	—
Transferred to intangible assets	—	—	—	—	—	(780)	—	(780)
Additions	—	3,830	2,165	10,047	—	50,296	425	66,763
Disposals	—	(34)	(26)	(283)	—	—	—	(343)
Depreciation charge (Note 4)	(5,600)	(1,608)	(1,959)	(5,343)	(300)	—	(1,728)	(16,538)
Closing net book value	356,820	13,966	7,059	94,350	1,419	20,800	8,659	503,073
At June 30, 2024 (Unaudited)								
Cost	380,873	19,419	24,793	120,270	3,434	20,800	24,361	593,950
Accumulated depreciation	(24,053)	(5,453)	(17,734)	(25,920)	(2,015)	—	(15,702)	(90,877)
Net book value	356,820	13,966	7,059	94,350	1,419	20,800	8,659	503,073

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

12 INTANGIBLE ASSETS

	Goodwill RMB'000	Technologies not available for use RMB'000	Technologies available for use RMB'000	Computer software RMB'000	Total RMB'000
At December 31, 2023 (Audited)					
Cost	51,658	339,533	170,740	12,207	574,138
Accumulated amortisation	—	—	(39,919)	(6,345)	(46,264)
Net book value	51,658	339,533	130,821	5,862	527,874
Six months ended June 30, 2024 (Unaudited)					
Opening net book value	51,658	339,533	130,821	5,862	527,874
Additions	—	—	—	357	357
Transferred in from construction in progress	—	—	—	780	780
Amortisation charge (Note 4)	—	—	(5,691)	(1,095)	(6,786)
Closing net book value	51,658	339,533	125,130	5,904	522,225
At June 30, 2024 (Unaudited)					
Cost	51,658	339,533	170,740	13,343	575,274
Accumulated amortisation	—	—	(45,610)	(7,439)	(53,049)
Net book value	51,658	339,533	125,130	5,904	522,225

13 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group has interests in individually immaterial associates that are accounted for using the equity method.

The amounts recognised in the interim condensed consolidated balance sheet are as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Associates (a)	5,918	6,055

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

13 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONT'D)

The amounts recognised in the interim condensed consolidated statement comprehensive loss are as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Associates (a)	137	50

(a) Investments in associates

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	6,055	333
Additions	—	6,000
Loss for the period	(137)	(50)
End of the period	5,918	6,283

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

14 TRADE AND OTHER RECEIVABLES

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade receivables from — third parties (a)	19,671	10,918
Other receivables from — employees	18,165	17,542
— a related party	8,748	8,748
— third parties	13,500	1,615
Loans to employees (b)	10,439	14,061
Value-added tax recoverable	5,548	10,177
Interest receivables	15,560	13,532
Deposits	4,400	2,086
Others	9,387	8,424
Total	105,418	87,103
Less: non-current portion	(3,334)	(6,892)
Current portion	102,084	80,211

- (a) Trade receivables are with credit terms of 60 days. As at June 30, 2024 and December 31, 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Not overdue	19,671	10,918

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

14 TRADE AND OTHER RECEIVABLES (CONT'D)

(b) For the year ended December 31, 2022, the Group has provided a loan with the nominal value of HKD8,000,000 (equivalent to RMB6,513,000) to certain key management personnel. The loan was unsecured, interest-free and will be repayable in March 2024. For the six months ended June 30, 2024, the key management personnel repaid HKD3,965,000 (equivalent to RMB3,599,000) out of HKD8,000,000 to the Group. The maturity of the remaining portion has been extended to March 2026 with other terms unchanged.

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) to certain key management personnel. The loan was unsecured, interest-free and will be repayable in January 2025.

As at June 30, 2024 and December 31, 2023, 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.

15 PREPAYMENTS

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Prepayments for:		
— inventories	21,723	27,466
— services	12,594	10,462
— equipment not received	6,015	7,962
— others	3,981	5,806
Total	44,313	51,696
Less: non-current portion	(6,137)	(7,988)
Current portion	38,176	43,708

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

16 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Cash in bank	831,326	965,768
Less: term deposits matured within one year (a)	(130,000)	(70,000)
term deposit matured over one year (a)	—	(100,000)
	701,326	795,768

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Cash and cash equivalents and term deposits are denominated in:		
— HKD	78,864	135,351
— USD	231,112	257,141
— RMB	521,350	573,276
	831,326	965,768

- (a) The directors of the Company considered that the carrying amount of the term deposits over one year was approximated to their fair value as at June 30, 2024.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets		
Unlisted equity investments (i)	305,997	287,058
Current assets		
Unlisted debt investments (ii)	93,972	77,157
	399,969	364,215

(i) The movements in the carrying value of the unlisted equity investments for the periods are as follows:

	Six months ended June 30, 2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance	287,058	245,153
Additions	17,208	26,480
Foreign exchange gains	1,731	10,392
Closing balance	305,997	282,025

For the six months ended June 30, 2024, the Group newly acquired preferred shares of one unlisted investee with cash consideration of RMB3,000,000. The Group has also further subscribed the preferred shares issued by one unlisted investee, which was initially acquired in 2021, with cash consideration of USD2,000,000 (equivalent to RMB14,208,000).

For the six months ended June 30, 2023, the Group newly acquired preferred shares of two unlisted investees with cash consideration of RMB3,000,000 for each. The Group had also further subscribed the preferred shares issued by one unlisted investee, which was initially acquired in 2021, with cash consideration of USD3,000,000 (equivalent to RMB20,480,000).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

- (i) The movements in the carrying value of the unlisted equity investments for the periods are as follows:
(cont'd)

As at June 30, 2024 and December 31, 2023, according to the terms of the preferred shares of each unlisted entity, the Group has preferential rights and redemption options compared with the ordinary shareholders of the unlisted entities, which significantly differentiate the risks and rewards undertaken, these investments are therefore accounted as financial assets at fair value through profit or loss.

The equity interest percentage owned by the Group over each unlisted entity are as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Unlisted entity A	44.9%	38.9%
Unlisted entity B	50.0%	50.0%
Unlisted entity C	2.5%	2.5%
Unlisted entity D	20.0%	20.0%
Unlisted entity E	10.0%	10.0%
Unlisted entity F	3.5%	3.5%
Unlisted entity G	10.0%	—

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(ii) The breakdown of the carrying value of unlisted debt investments are as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Private fund (a)	79,718	77,157
Convertible note (b)	14,254	—
	93,972	77,157

- (a) On November 4, 2022, the Company entered into an investment agreement (the “**Agreement**”) with LFM Oversea Investment Fund SPC (the “**LFM**”), a private fund company registered in Cayman Islands. Pursuant to the Agreement, the Company subscribed 7,749 Preference Shares of LFM Oversea SP (the “**Fund**”), a segregated portfolio of LFM, with a consideration of HKD80,000,000 (the “**Investment**”). The Company was entitled to an expected fixed income of 6.598% per annum, with a lock-up period ended November 7, 2023. On January 31, 2024, the Company entered into a supplementary agreement with LFM to extend the maturity date of the lock-up period from November 7, 2023 to December 31, 2024, with a new expected fixed income of 6.191% per annum, effective from January 1, 2024.

It was confirmed by the Fund that the shares in the Fund have been divided into three separate classes including Preference Shares, Deferred Shares and Ordinary Shares. The holders of the Preference Shares shall be entitled to the distribution by the Fund relating to the outstanding Preference Shares and Deferred Shares, and no payment or distribution may be made by the Fund to any holder of the Deferred Shares, if, immediately before such distribution, the aggregate value of the outstanding Preference Shares and the Deferred Shares is less than the sum of the relevant subscription prices and expected fixed income of the outstanding Preference Shares.

According to the Net Asset Value statement issued by the Fund to the Company, the net asset value of the Investment as at June 30, 2024 was a lump sum of the subscription prices of HKD80,000,000 and an accumulated income of HKD7,345,123. The Company was of the opinion that the Net Asset Value was the best estimate of the fair value of the Investment as at June 30, 2024, which was equivalent to RMB79,718,147, and no indicator was identified in related to the risk of recoverability.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(ii) The breakdown of the carrying value of unlisted debt investments are as follows: (cont'd)

- (b) For the six months ended June 30, 2024, a subsidiary of the Company invested in a convertible note issued by an unlisted investee. The principal amount of the convertible note is USD2,000,000 (approximately RMB14,230,000), and the interest rate is 5.12% per annum. The subsidiary has the right to convert the outstanding balance of the convertible note into equity securities of the investee under certain circumstances.

The movements in the carrying value of unlisted debt investments for the years are as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Opening balance	77,157	71,564
Additions	14,230	—
Fair value gains	2,002	2,179
Foreign exchange gains	583	2,662
Closing balance	93,972	76,405

18 INVENTORIES

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Materials in transit	3,104	1,416
Raw materials	121,767	130,346
Work in progress	13,604	7,862
Finished goods	19,327	31,675
	157,802	171,299
Write-down of the inventories	(645)	(651)
	157,157	170,648

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at December 31, 2023 (Audited)	679,326,808	479	6,358,649	6,359,128
Restricted share units vested under the trust	—	—	(4,094)	(4,094)
As at June 30, 2024 (Unaudited)	679,326,808	479	6,354,555	6,355,034

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at December 31, 2022 (Audited)	677,414,028	478	6,369,070	6,369,548
Exercise of share options (i)	1,442,780	1	6,607	6,608
Restricted share units vested under the trust	—	—	(16,601)	(16,601)
As at June 30, 2023 (Unaudited)	678,856,808	479	6,359,076	6,359,555

- (i) For the six months ended June 30, 2024, no stock option has been exercised and therefore no shares were issued (six months ended June 30, 2023: 1,442,780 shares were issued to certain employees due to exercise of stock options).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

20 TREASURY SHARES HELD IN A TRUST

	Number of treasury shares	Amount RMB'000
As at January 1, 2024 (Audited)	(3,817,254)	(53,730)
Restricted share units vested under the trust (i)	246,220	5,085
Acquisition of shares under restricted share units plan (ii)	(10,809,000)	(26,692)
As at June 30, 2024 (Unaudited)	(14,380,034)	(75,337)

	Number of treasury shares	Amount RMB'000
As at January 1, 2023 (Audited)	(5,212,304)	(82,739)
Restricted share units vested under the trust (i)	1,216,725	25,278
As at June 30, 2023 (Unaudited)	(3,995,579)	(57,461)

- (i) On 31 December 2019, the Company and Trident Trust Company (HK) Limited (the “**Trident Trust**”), an independent third party, set up the peijia employee benefit trust which entered into a trust deed pursuant to which Trident Trust has agreed to act as the trustee to administer the peijia employee benefit trust and to hold the ordinary shares under the peijia employee benefit trust through the nominee, Best Achiever Management Limited (the “**Nominee**”).

For the six months ended June 30, 2024, 246,220 restricted share (unaudited) units were vested under the trust (six months ended June 30, 2023: 1,216,725 (unaudited)).

- (ii) For the six months ended June 30, 2024, the Nominee made on-market purchases of 10,809,000 (unaudited) shares according to the Company’s instruction. The shares held in the trust are accounted for as treasury shares of the Company.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

21 SHARE-BASED PAYMENTS

(a) Stock options

(i) *Stock options granted to employees in 2017*

For the year ended December 31, 2017, the Company granted 462,500 stock options to senior management members as rewards for their services and in exchange for their full-time devotion and professional expertise.

The exercise price of granted options is USD5.00 or USD7.8084 per ordinary share. The stock options included certain performance conditions, which required the employees to complete a service period and still in the same position as when granted. The vesting term of the stock options includes a five-year and one-year vesting schedule respectively. The five-year vesting schedule consisting of a cliff vesting of twenty percent (20%) on every anniversary of the grant date. All options shall expire in ten years from the respective grant dates.

(ii) *Stock options granted to employees in 2019*

For the year ended December 31, 2019, the Company granted 2,473,941 stock options to certain directors, senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise.

The weighted average exercise price of granted options is USD8.7630 per ordinary share. The vesting term of the stock options includes different vesting schedule, which varies from one year to six years with different performance conditions respectively. All options shall expire in ten years from the respective grant dates.

On May 15, 2020, pursuant to the resolution passed by the shareholders on April 28, 2020, a capitalisation issue of 434,654,450 shares were allotted without payment and as fully paid shares to existing shareholders. The weighted average exercise price has been changed to USD0.4382 per ordinary share correspondingly.

(iii) *Stock options granted to employees in 2021*

On December 7, 2021, the Company granted 7,801,386 stock options to senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise.

The exercise price of granted options is HKD15.97 per ordinary share. The vesting term of the stock options includes different vesting schedule, which varies from one year to six years with different performance conditions respectively. All options shall expire in ten years from the grant dates.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

21 SHARE-BASED PAYMENTS (CONT'D)

(a) Stock options (cont'd)

(iv) *Stock options granted to employees in 2023*

On January 19, 2023, the Company granted 2,113,900 stock options to employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise.

The exercise price of granted options is HKD11.44 per ordinary share. The vesting term of the stock options includes different vesting schedule, which varies from one year to four years with different performance conditions respectively. All options shall expire in ten years from the grant dates.

Fair value of options granted in 2023

The fair value at grant date is independently determined using binomial model, the significant inputs were listed as below:

Expected price volatility	41.31%
Expected option life (<i>year</i>)	10
Risk free interest rate	2.96%
Fair value of granted options (<i>HKD</i>)	4.71–4.92

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period close to the valuation date.

(v) *The financial impact of stock options is as follows:*

Movements in the number of stock options are as follows:

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
At the beginning of period	40,764,360	41,331,105
Granted	—	2,113,900
Exercised	—	(1,442,780)
Forfeited	(179,743)	(564,381)
At the end of period	40,584,617	41,437,844

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

21 SHARE-BASED PAYMENTS (CONT'D)

(b) Restricted share units

A restricted share award scheme (the “**RSU Scheme**”) was approved and adopted pursuant to a resolution passed on April 28, 2020. The directors of the Company may, from time to time, at its absolute discretion, grant restricted share units to selected person in accordance with the RSU Scheme. The overall limit on the number of restricted share units under the RSU Scheme is 6,100,420 shares and the maximum number of shares which may be awarded to any selected person under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at April 28, 2020.

(i) *RSU issued to directors*

Each of certain directors has been granted RSUs of the Company representing an aggregate total amount of USD100,000 per year in the three years commencing from the grant date in 2020 and 2023 respectively. The RSUs are issued to the directors on a quarterly basis. The number of RSUs to be issued at the end of each quarter is calculated based on the higher of the closing price of the shares of the Company on the issue date, and the average closing price of the shares of the Company for the five business days immediately preceding the issue date.

The RSUs issued is subject to a vesting schedule at an exercise price of nil, 40% of the RSUs issued can be vested immediately on the issue date, 20%, 20% and 20% of the RSUs issued can be vested on the first, second and third anniversary of the respective issue date, respectively.

For the year ended December 31, 2023, the directors have been granted a choice to settle above remunerations by issuance of RSUs or by cash with equivalent value. Since both the equity and cash alternatives had the same value and there was no incremental fair value at the modification date, there was no profit or loss impact from the modification.

(ii) *RSU issued to a consultant*

The consultant has been granted RSUs of the Company representing an aggregate total amount of USD150,000 per year in the two years commencing from the grant date in 2022. The RSUs are issued to the consultant on a quarterly basis. The number of RSUs to be issued at the end of each quarter is calculated based on the higher of the closing price of the shares of the Company on the issue date, and the average closing price of the shares of the Company for the five business days immediately preceding the issue date. The RSUs issued can be vested immediately on the issue date.

For the year ended December 31, 2023, the consultant has been granted a choice to settle above remunerations by ordinary shares or by cash with equivalent value. Since both the equity and cash alternatives had the same value and there was no incremental fair value at the modification date, there was no profit or loss impact from the modification.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

21 SHARE-BASED PAYMENTS (CONT'D)

(b) Restricted share units (cont'd)

(iii) RSU issued to employees

Commencing from 2021, the Company granted RSUs of the Company to senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise. The RSUs granted represented rewards of fixed amount for each of the five years commencing from the grant date. The RSUs are issued to the targets on an annual basis and subject to the targets remaining as the employee of the Group on the issue date, and all of the other vesting conditions being satisfied. The number of RSUs to be issued on each anniversary of the grant date during the vesting period is determined by the aforementioned fixed amount and the closing market price of the shares of the Company on the respective issue date. The RSU issued can be vested immediately on the issue date.

For the year ended December 31, 2022, the employees have been granted a choice to settle above awards by RSUs or by cash with equivalent. Since both the equity and cash alternatives had the same value and there was no incremental fair value at the modification date, there was no profit or loss impact from the modification.

For the six months ended June 30, 2024, the restricted share units issued to directors and employees of the Group are as follows:

Restricted share units issued to	Number of issued (Unaudited)	Issue date (Unaudited)	Vesting period (Unaudited)
Directors	37,743	End of each quarter	0–6 years
Employees	134,045	Various dates in 2023	0–5 years

For the six months ended June 30, 2023, the restricted share units issued to directors, a consultant and employees of the Group are as follows:

Restricted share units issued to	Number of issued (Unaudited)	Issue date (Unaudited)	Vesting period (Unaudited)
Directors	53,939	End of each quarter	0–6 years
Consultant	17,064	End of each quarter	Nil
Employees	1,132,123	Various dates in 2023	0–5 years

The total expense recognised in the interim condensed consolidated statement of comprehensive loss for the six months ended June 30, 2024 for the restricted share units granted is approximately RMB3,195,000 (unaudited) (six months ended June 30, 2023: RMB9,516,000 (unaudited)).

As at June 30, 2024, 327,162 restricted share units remained unvested (December 31, 2023: 223,499).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

21 SHARE-BASED PAYMENTS (CONT'D)

- (c) Expense for the share-based payments has been charged to the interim condensed consolidated statement of comprehensive loss as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Stock options		
Selling and distribution expenses	1,955	2,701
Research and development expenses	972	1,673
Administrative expenses	687	1,567
Cost of sales	543	787
	4,157	6,728
Restricted share units		
Research and development expenses	1,936	2,039
Administrative expenses	842	579
Selling and distribution expenses	417	6,898
	3,195	9,516
Total	7,352	16,244

22 DEFERRED TAX ASSETS AND LIABILITIES

- (i) The movements in deferred tax assets and deferred tax liabilities for the six months ended June 30, 2024, without taking into consideration the offsetting of balanced within the same tax jurisdiction, are as follows:

Deferred tax assets

	Tax losses
	RMB'000
As at January 1, 2024 (Audited)	14,444
Charge to interim condensed consolidated statement of comprehensive loss	(1,504)
As at June 30, 2024 (Unaudited)	12,940

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

22 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

- (i) The movements in deferred tax assets and deferred tax liabilities for the six months ended June 30, 2024, without taking into consideration the offsetting of balanced within the same tax jurisdiction, are as follows: (cont'd)

Deferred tax liabilities

	Property, plant and equipment acquired in business combination RMB'000	Land use rights acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
As at January 1, 2024 (Audited)	1,592	469	32,703	34,764
Credit to interim condensed consolidated statement of comprehensive loss	(76)	(6)	(1,422)	(1,504)
As at June 30, 2024 (Unaudited)	1,516	463	31,281	33,260

(ii)

	June 30, 2024 RMB'000 (Unaudited)
Deferred tax liabilities	
— to be recovered within 12 months	2,987
— to be recovered more than 12 months	30,273
	33,260

- (iii) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Deferred tax liabilities, net	20,320	20,320
Deferred tax assets, net	—	—

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

23 BORROWINGS

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Non-current		
Bank borrowings — secured (i)	217,147	203,594
Current		
Bank borrowings — secured (i)	31,253	13,828
Total	248,400	217,422

(i) Bank borrowings — secured

In March 2022, the Group entered into a secured bank loan facility agreement, which is specific for financing the construction of the new headquarter and will be matured in May 2027. The maximum amount that the Group is able to draw down under such facility is RMB400,000,000, and any drawdown will bear an interest rate corresponding to one-year loan prime rate circulated by the People's Bank of China plus 15 basis points.

As at June 30, 2024, the Group has drawn down RMB248,166,000, which was mortgaged by a land use right and a building of the Group with carrying amounts of RMB9,089,000 and RMB315,118,000, respectively. The borrowings bore interest rates of 3.60%- 3.85% and will be repayable by instalments, commencing from November 2024.

(ii) At December 31, 2023 and June 30, 2024, the Group's borrowings were repayable as follows:

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 1 year	31,253	13,828
Between 1 and 2 years	93,063	54,292
Between 2 and 5 years	124,084	149,302
Total	248,400	217,422

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For the six months ended June 30, 2024

24 TRADE AND OTHER PAYABLES

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade payables to		
— a related party	148	129
— third parties	24,088	19,579
Other payables to		
— third parties	68,352	66,005
Staff salaries, bonus and welfare payables	30,426	39,865
Liabilities arising from share-based payments with cash alternative	11,369	13,138
Tax payable	12,263	4,609
Total	146,646	143,325
Less: non-current position	(5,658)	(5,490)
Current position	140,988	137,835

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

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 1 year	24,225	19,697
Between 1 year and 2 years	—	—
Between 2 year and 5 years	11	11
	24,236	19,708

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

25 FAIR VALUE ESTIMATION

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

(i) Fair value hierarchy

The following table presents the Group's financial assets measured and recognised at fair value at June 30, 2024 on a recurring basis:

	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Assets:				
Financial assets at fair value through profit or loss (<i>Note 17</i>)				
— Unlisted equity investments	—	—	305,997	305,997
— Unlisted debt investments	—	—	93,972	93,972
	—	—	399,969	399,969

The following table presents the Group's financial assets measured and recognised at fair value at December 31, 2023 on a recurring basis:

	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	Total RMB'000 (Audited)
Assets:				
Financial assets at fair value through profit or loss (<i>Note 17</i>)				
— Unlisted equity investments	—	—	287,058	287,058
— Unlisted debt investment	—	—	77,157	77,157
	—	—	364,215	364,215

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

25 FAIR VALUE ESTIMATION (CONT'D)

(i) Fair value hierarchy (cont'd)

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2024.

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

(ii) Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques applied as of June 30, 2024 and December 31, 2023.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

25 FAIR VALUE ESTIMATION (CONT'D)

- (iii) Fair value measurements using significant unobservable inputs (level 3)
The changes in level 3 instruments for the six months ended June 30, 2024 and 2023 are presented in Note 17.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended June 30, 2024.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for unlisted equity investments:

	Valuation techniques	Significant unobservable inputs	Range of inputs
Unlisted equity investments	Equity allocation model	Risk free rate Volatility	2.50%–4.12% 33.93%–64.71%

The Group used discounted cash flows approach to evaluate the fair value of the investment in a private fund as at June 30, 2024.

Valuation processes

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

If the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the six months ended June 30, 2024 and 2023 would have been approximately RMB39,841,000 and RMB35,243,000 lower/higher (unaudited), respectively.

(iv) Fair values of other financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, term deposits, trade and other receivables, borrowings, trade and other payables and lease liabilities) approximate their fair values.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended June 30, 2024 and 2023, and balances arising from related party transactions as at June 30, 2024 and December 31, 2023.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Key management personnel	Key management personnel
Suzhou SITRI Interventional Medtech Institute	Associate
Suzhou Smartfibre Technologies Co., Ltd.	Associate
Suzhou Peixin Technology Co., Ltd.	Unlisted equity investment

(b) Transactions with related parties

Other than the transaction disclosed in Note 14, the Group had following transactions with related parties.

(i) Loans to employees

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Key management personnel	—	14,901

(ii) Purchased from relates parties

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Suzhou Smartfibre Technologies Co., Ltd.	499	442
Suzhou Peixin Technology Co., Ltd.	—	454
	499	896

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

26 RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages and bonuses	6,680	5,592
Housing fund, medical insurance and other social insurance	425	414
Share-based compensation expenses	1,126	8,382
	8,231	14,388

(d) Balances with related parties

(i) Other receivables

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Key management personnel	32,553	36,177
Suzhou SITRI Interventional Medtech Institute	8,748	8,748
	41,301	44,925

(ii) Trade payables

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Suzhou Smartfibre Technologies Co., Ltd.	148	129

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

26 RELATED PARTY TRANSACTIONS (CONT'D)

(d) Balances with related parties (cont'd)

(iii) *Liabilities arising from share-based payments with cash alternative*

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Key management personnel	—	317

(iv) *Staff salaries and welfare payables*

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Key management personnel	1,223	1,338

27 CAPITAL COMMITMENTS

The following is the details of capital expenditure contracted for but not effective or provided in the condensed consolidated interim financial information.

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Property, plant and equipment	188,796	69,088

28 DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended June 30, 2024 (unaudited) (six months ended June 30, 2023: nil (unaudited)).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

29 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six month ended June 30, 2024 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2023 and any public announcements made by the Company during the interim reporting period.

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

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7	Supplier Finance Arrangements

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

(b) New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for the reporting period of six months ended June 30, 2024 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

DEFINITIONS

In this interim report, 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
“Board”	the board of directors of the company
“BD”	business development
“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 report 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 report, 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

Definitions

“Dr. ZHANG”	Dr. Yi ZHANG, one of our Founders, and our chairman, chief executive officer, an executive Director of our Company and our substantial shareholder upon Listing
“FIM”	First-in-man, a stage of clinical trial
“Global Offering”	has the meaning as ascribed to it under the Prospectus
“Group,” “our Group,” “our,” “we,” or “us”	our Company and all of its subsidiaries (including but not limited to Achieva Group), or any one of them as the context may require or, where the context refers to any time prior to its incorporation or the Share Swap, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HKD” or “HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“ICAD”	intracranial atherosclerotic disease, a disease occurs when plaque (cholesterol, fatty deposits and other materials) builds up in the blood vessels at the base of the brain, causing them to narrow and harden
“ICAS”	intracranial atherosclerosis
“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)

Definitions

“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
“microstructure”	the design of a multi-layered micro-structured device made of multiple materials through precision manufacturing
“mitral valve”	the valve that lets blood flow from one chamber of the heart, the left atrium, to another called the left ventricle
“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

Definitions

“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
“Reporting Period”	the six months ended June 30, 2024
“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

Definitions

“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
“treasury Shares”	has the meaning ascribed to it under the Listing Rules
“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