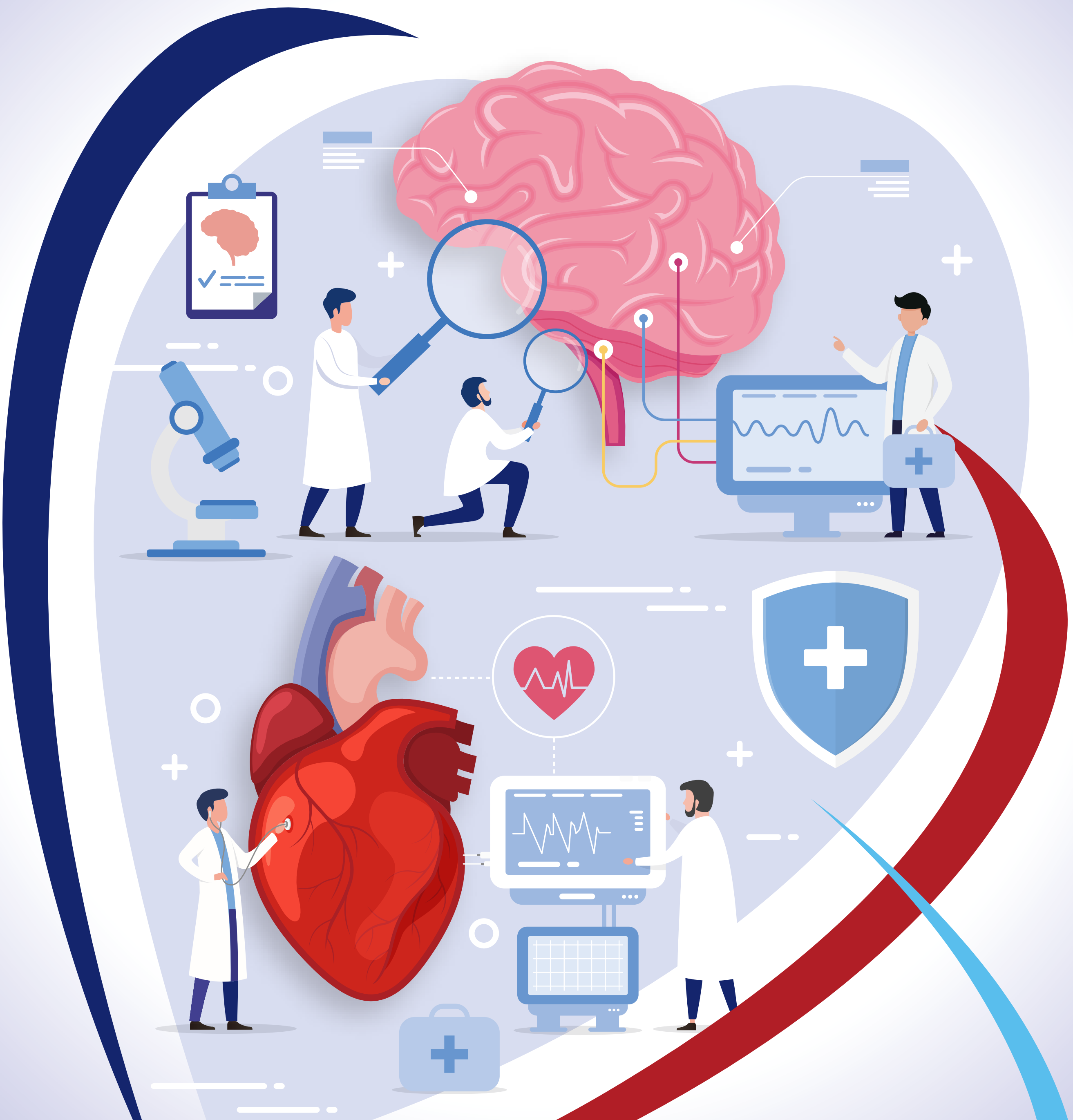
沛嘉醫療有限公司
Peijia Medical Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 9996



2024
ANNUAL REPORT

CONTENTS

COMPANY PROFILE

Overview

Our Company is a global provider of innovative medical products and solutions. We focus on the high-growth interventional procedural medical device market in China. Our products and product candidates target the large, fast-growing and under-penetrated markets with high entry barriers, including transcatheter valve therapeutic medical device market and neurointerventional procedural medical device market.

Our Vision

To be a respected global high-tech medical enterprise focusing on patients and holding to its original spirit.

Our Mission

Committed to providing the safe, effective and affordable products and solutions, alleviating the suffering of patients and improving patients' quality of life through ongoing innovation.

Our Product Pipeline

As of the date of this annual report, our product pipeline consists of transcatheter valve therapeutic and neurointerventional products and product candidates spanning three key business segments: Transcatheter Valve Therapeutic Business, Future Technology Business and Neurointerventional Business. For our Transcatheter Valve Therapeutic Business, we have three commercialized TAVR systems — TaurusOne®, TaurusElite® and TaurusMax™, four commercialized procedural accessories and various Transcatheter Aortic Valve Replacement, Transcatheter Mitral Valve and Transcatheter Tricuspid Valve Replacement and Repair product candidates at different stage of development. For our Future Technology Business, we have three product candidates in development. For our Neurointerventional Business, we have seventeen commercialized products and various product candidates at different stage of development covering hemorrhagic stroke, ischemic stroke and vascular access.

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 (resigned on November 1, 2024)
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 (resigned on November 1, 2024)
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

No.18 Yangjiatian Road
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Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY SECRETARY

Ms. Hing Ling CHAU

AUTHORIZED REPRESENTATIVES

Ms. Hong YE
Ms. Hing Ling CHAU

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISER

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

COMPLIANCE ADVISER

Maxa Capital Limited

PRINCIPAL SHARE REGISTRAR

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman, KY1-9010
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

9996

COMPANY'S WEBSITE

www.peijiamedical.com

LISTING DATE

May 15, 2020

CHAIRMAN'S STATEMENT

Dr. Yi ZHANG
Chairman, Chief Executive Officer, and Executive Director

Dear Shareholders,

2024 marked an extraordinary year for Peijia Medical. Guided by our commitment to "Dedication with Passion, Devotion for Life", we forged ahead through complex macroeconomic environments and unprecedented changes in industry competition, achieving cycle-defying growth. I am pleased to report 39.5% year-on-year revenue growth of the Group, with significant progress across R&D, manufacturing, and commercialization in both Transcatheter Valve Therapeutic Business and Neurointerventional Business. Notably, Neurointerventional Business became the first segment to achieve profitability, delivering RMB52.1 million in segment profit. While creating shareholder value remains paramount, we are simultaneously building an enterprise respected for its core values.

TRANSCATHETER VALVE THERAPEUTIC BUSINESS

In 2024, our share in the Chinese transfemoral TAVR market grew to approximately 25%, while revenue from sales of TAVR related products increased by 40.1% year-on-year to RMB259.9 million. Regarding implantation volume, the total terminal implantation volume of Peijia was over 3,400 units, representing a year-on-year increase of approximately 37%. Particularly noteworthy is that we surpassed our peers in terms of monthly implantation volume in the first quarter of 2025, transitioning to an industry frontrunner.

In terms of product innovation, we remain focused on addressing the needs of physicians and patients. In 2024, A new commercialized product was added to our Taurus-series TAVR portfolio–new iteration steerable TAVR System TaurusMax™, while also introducing the AV21 low-profile specification for our first-and second-generation valves. Furthermore, the R&D of multiple products achieved milestone progress as scheduled with TaurusNXT® and TaurusTrio™ having completed patient enrollment and one-year follow-up in their respective registration clinical trials. At the same time, we are delighted to see that JenaValve, our AR technology licensing partner, received acquisition interest from Edwards Lifesciences, which not only significantly boosted confidence in AR treatment across both medical and industrial communities, but also brought satisfactory investment returns to Peijia. Beyond TAVR, our GeminiOne® TEER system completed the patient enrollment for the multi-center registration clinical trial in China, with one-year patient follow-ups progressing continuously. The product was granted two U.S. patents in 2024, with preparations for overseas EFS currently underway. We look forward to sharing more good news with shareholders in the near future.

In order to optimize resource allocation and better advance the innovative R&D of high-potential projects, we restructured our Transcatheter Valve Therapeutic Business in 2024. Three high-potential R&D projects, including Lithotripsy Valvuloplasty System, MonarQ TTVR® system, and ReachTactile™ robotic-assisted TAVR system were spun off into the newly established Future Technology Business. Each project is managed by an independent team and executed through dedicated subsidiaries within the Group, which maintain full autonomy in operations and financing. Several projects have independently secured external financing.

NEUROINTERVENTIONAL BUSINESS

Our Neurointerventional Business achieved further commercial success driven by our comprehensive product portfolio, innovative procedure techniques, and strategic responses to the VBPs. The segment revenue maintained a growth rate of 39.1% and achieved its first turnaround to profitability, creating a segment profit of RMB52.1 million.

In 2024, multiple star products such as DCwire® Micro Guidewire, Syphonet® Stent Retriever, and Fastunnel® Delivery Balloon Dilatation Catheter have gained high market recognition post-launch, further expanding market share. Simultaneously, our coil products have continued to gain momentum under the support of VBPs, leveraging quality and brand advantages. Regarding product pipeline development, in August 2024, we obtained an exclusive distribution rights for the YonFlow® flow diverting stent in the Greater China region, completing our hemorrhagic product portfolio. Concurrently, given proven clinical advantages of DCwire® Micro Guidewire and strong overseas market potential, the Group has initiated FDA 510(k) submission process to accelerate global expansion.

Looking back at the five years since Peijia Medical's listing on the Hong Kong Stock Exchange, I take great pride in the report we have delivered to the capital markets. Since listing, we have delivered on all our market guidance commitments, and in many cases exceeded expectations.

In the next few years, our goal is to enhance profitability and solidify our industry leadership position to maximize shareholder value. Therefore, while continuing innovation and maintaining revenue growth momentum, we will implement lean management to control costs. We will always remember: behind every cold datum beats a living heart; within each device lies the weight of life. We will also remain committed to fulfilling the mission of Chapter 18A companies: leveraging capital market funds to develop innovative products that revolutionize cardiovascular and neurointerventional treatments, striving for a better tomorrow for all.

Yours sincerely,
Dr. Yi ZHANG
Chairman, Chief Executive Officer,
and Executive Director

FINANCIAL HIGHLIGHTS

The following table sets out a comparison between key financial figures for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 (RMB'000)	2023 (RMB'000)	%
Operating Results			
Revenue	**615,483**	441,126	39.5%
Gross profit	**433,621**	325,370	33.3%
Selling and distribution expenses	**(328,340)**	(324,981)	1.0%
Administration expenses	**(151,100)**	(141,637)	6.7%
Research and development expenses	**(203,420)**	(293,420)	–30.7%
Segment loss	**(249,239)**	(434,668)	–42.7%
Including: segment profit/(loss) of Neurointerventional Business	**52,090**	(744)	N/A
Loss for the year	**(228,492)**	(392,553)	–41.8%
Loss Per Share			
Basic and diluted loss per share (RMB)	**(0.34)**	(0.58)	41.4%

	As at December 31, 2024 (RMB'000)	2023 (RMB'000)	changes (RMB'000)	%
Financial Position				
Non-current assets	**1,701,708**	1,434,472	267,236	18.6%
Cash and cash equivalents	**666,736**	795,768	(129,032)	–16.2%
Other current assets	**320,260**	441,724	(121,464)	–27.5%
Total assets	**2,688,704**	2,671,964	16,740	0.6%
Non-current liabilities	**201,408**	243,635	(42,227)	–17.3%
Current liabilities	**442,697**	154,249	288,448	187.0%
Total liabilities	**644,105**	397,884	246,221	61.9%
Total equity	**2,044,599**	2,274,080	(229,481)	–10.1%

BUSINESS HIGHLIGHTS

Guided by "Dedication with Passion, Devotion for Life", the Group continued to revolute the standard of care for valvular heart diseases and cerebrovascular diseases during the Reporting Period.

The Group generated revenue of RMB615.5 million in the Reporting Period, representing an increase of 39.5% as compared to 2023. Revenue composition remained stable, with 42.2% from sales of TAVR related products and 57.8% from sales of neurointerventional products (2023: 42.1% and 57.9% respectively). The strong revenue growth was primarily attributable to the high sales growth of both Transcatheter Valve Therapeutic Business and Neurointerventional Business.

Revenue from sales of TAVR related products in the Reporting Period increased by 40.1% year-on-year to RMB259.9 million, mainly driven by the Group's expanded share in the Chinese transfemoral TAVR market. During the Reporting Period, the total terminal implantation volume surpassed 3,400 units, a year-on-year increase of approximately 37%, while our share in the Chinese transfemoral TAVR market grew to approximately 25%.

Revenue from sales of neurointerventional products in the Reporting Period increased by 39.1% year-on-year to RMB355.5 million, primarily driven by the increased procedure penetration, the Group's successful bids in the VBPs, as well as its comprehensive product pipeline and effective marketing strategies. The key drivers include: (i) the successful first-year nationwide launch of DCwire® Micro Guidewire validated by positive user feedback and widespread market adoption; (ii) the further market penetration of the Group's existing advantageous products, Syphonet® Stent Retriever and Fastunnel® Delivery Balloon Dilatation Catheter, via differentiated product design and innovative procedure techniques; and (iii) the sustained adoption of the Group's coil products under the VBPs, bolstered by reliable product quality and brand recognition.

With expanded economies of scale and lean management initiatives to optimize costs and efficiency, the Group significantly improved operational performance. During the Reporting Period, the Group's operating losses narrowed by 44.4% year-on-year to RMB239.3 million. Particularly noteworthy is that the Neurointerventional Business became the first segment to achieve profitability, delivering RMB52.1 million in segment profit.

WE RELENTLESSLY DROVE THE WIDESPREAD ADOPTION AND PENETRATION OF TAVR PROCEDURES AND STEADILY ADVANCED TOWARD OUR GOAL OF BECOMING CHINA'S FOREMOST TAVR BRAND.

During the Reporting Period, we maintained our steadfast commitment to advancing TAVR technology adoption in China through comprehensive market education initiatives. Our professional sales and marketing team systematically promoted standardized techniques and innovative treatment protocols leveraging international and domestic academic conferences, the proprietary online education platform *Yijia Academy*, and offline multidimensional training programs. This integrated approach has successfully facilitated the translation of advanced technologies into clinical practice and expanding wider access to underserved regional markets. As a result, our TAVR products were placed in over 150 new hospitals, with total coverage reaching approximately 650 medical institutions in China as of December 31, 2024.

We place great emphasis on understanding the clinical requirements of physicians and patients as we innovate. During the Reporting Period, our new generation TAVR product TaurusMax™ successively obtained the registration approval from the NMPA. These design refinements aim to enhance both procedure efficiency and therapeutic outcomes through optimizing product performance and streamlining procedural operations for physicians. In addition, we introduced the AV21 low-profile specification for our first-and second-generation valves to accommodate broader anatomical variations among Chinese patients. As of the date of this report, our commercialized TAVR portfolio comprises three market-ready products: TaurusOne®, TaurusElite®, and TaurusMax™. The pipeline demonstrates robust progress with TaurusNXT® and TaurusTrio™ having completed patient enrollment and one-year follow-up in their respective registration clinical trials, positioning both for anticipated NMPA approvals between late 2025 and mid-2026. Over the next one to two years, the Taurus-series TAVR product portfolio is engineered to deliver three strategic breakthroughs: comprehensive fulfilment of AS treatment demands, revolutionary extension of bioprosthetic valve service life, and clinical resolution of transfemoral AR treatment. Commercially, this diversified portfolio also enables adaptive pricing strategies to address varying market changes and competitive challenges.

Due to our persistent dedication, in the fourth quarter of 2024, we matched our peers in terms of monthly implantation volume and carried this momentum into the first quarter of 2025. These developments have had a demonstrable impact on the competitive landscape, firmly establishing our trajectory to become China's foremost TAVR brand.

NEUROINTERVENTIONAL BUSINESS ACHIEVED A PROFITABILITY BREAKTHROUGH, USHERING IN A NEW STAGE OF SUSTAINABLE DEVELOPMENT.

During the Reporting Period, our Neurointerventional Business achieved further commercial success driven by our comprehensive product portfolio, innovative procedure techniques, and strategic responses to the VBPs, contributing a segment profit of RMB52.1 million to the Group.

In August 2024, we entered into a partnership with Jiangsu NowYon Medical Limited ("**NowYon Medical**"), securing exclusive distribution rights in the Greater China region for its self-developed YonFlow® Flow Diverting Stent, which completed the final piece of our hemorrhagic product line.

During the Reporting period, the Group's DCwire® Micro Guidewire established nationwide distribution and launched full-scale promotion. With superior flexibility and precise maneuverability, the product has gained rapid clinical practitioners' high recognition, breaking the foreign monopoly in the micro guidewire market, with first-year revenue of RMB37.5 million. Given its proven clinical advantages and strong overseas potential, the Group has initiated FDA 510(k) submission process to accelerate global expansion.

Facing intense market competition, we adopted differentiated marketing strategies tailored to the competitive landscape and design features of each individual product. Notably, based on the superior design and performance of our products, we have developed more than ten innovative procedure techniques that directly address unmet clinical needs and pain points, in collaboration with physicians. The promotion of these innovative techniques effectively drove the sales volume growth of our product portfolio during the Reporting Period, including Syphonet® Stent Retriever (representative techniques: BASIS, COSIS), Tethys® Intermediate Catheter (representative techniques: TRUST, REST, ATTACH) and Fastunnel® Delivery Balloon Dilatation Catheter (representative techniques: Zero Exchange, FAST ICAS, ANSWER).

Since the beginning of 2023, the VBP of neurointerventional products has been progressively implemented at the provincial and regional levels. The Group has consistently and proactively engaged in relevant initiatives. Leveraging our comprehensive product portfolio, long-term brand penetration, and effective strategic pricing, we have secured winning bids multiple times to provide a stable supply of high-quality and cost-effective neurointerventional products to the market. Following the successful bid in the provincial alliance VBP of coils led by Jilin Province (Group A), our coil product was again selected in the *3+N Alliance* VBP of coils in the Beijing-Tianjin-Hebei region in March 2024. The winning bid regions for our coil products now cover over 90% of provinces nationwide. Additionally, in the provincial alliance VBP of vascular interventional consumables led by Hebei Province in January 2025, both our SacSpeed® Balloon Dilatation Catheter and Fastunnel® Delivery Balloon Dilatation Catheter won bids in Group A under Rule One.

As of the date of this report, we have seventeen registered products available for the Chinese market. Going forward, with our Neurointerventional Business sustaining industry leadership through high-quality product portfolio and strong brand reputation, the segment's profit will serve as strategic capital reserves to fuel the Group for diversified market competition.

WE CONTINUED TO IMPROVE GROUP-WIDE OPERATIONAL EFFICIENCY AND ACHIEVED SIGNIFICANT IMPROVEMENTS IN ALL EXPENSE RATIOS.

By strengthening full-chain "R&D-Manufacturing-Commercialization" capabilities, we achieved dual improvements in operational efficiency and profitability.

The Group recorded a net loss of RMB228.5 million during the Reporting Period, representing a significant decrease of 41.8% as compared to 2023. Notably, our Neurointerventional Business generated a segment profit of RMB52.1 million, marking a significant profitability milestone.

Throughout the Reporting Period, we made continuous efforts in supply chain optimization and lean production through a series of key initiatives. These included developing alternative suppliers, launching the digital operations platform, automating production processes, reducing production waste, and improving product yield. These efforts helped us maintain a relatively stable gross profit margin of 70.5% at the Group's level, despite the ongoing VBP headwinds in our Neurointerventional Business.

We also implemented refined management measures across the Group during the Reporting Period. These measures included but not limited to strengthening budget control and enhancing labor efficiency across the Group, resulting in a significant reduction in all major expense ratios.

The Group maintained disciplined selling and distribution expenses control, with year-on-year growth contained at 1.0%. The selling and distribution expense ratio declined by 20.3 percentage points year-on-year to 53.3%, generating commercial profit (gross profit minus selling and distribution expenses) of RMB105.3 million. In particular, productivity gains in the TAVR sales force contributed to a 2.2% year-on-year decrease in the selling and distribution expenses of our Transcatheter Valve Therapeutic Business, accompanied by a 38.7-percentage-point expense ratio reduction.

The Group's R&D expense ratio decreased by 33.4 percentage points year-on-year, from 66.5% to 33.1%, primarily due to revenue growth and the smooth progression of our pipeline products into stages with lower R&D expenditure.

The Group's overall management and operations remained stable, with administrative expenses staying consistent over the past few years. As revenue scale expanded, the administrative expense ratio further decreased by 7.6 percentage points year-on-year, from 32.1% to 24.5%.

WE MAINTAINED OUR CONSTANT EFFORTS IN R&D, ACCELERATING THE CLINICAL ADVANCEMENT OF OUR PIPELINE PRODUCTS. LITHOTRIPSY VALVULOPLASTY, TTVR AND ROBOTIC-ASSISTED TAVR TECHNOLOGIES WERE CONSOLIDATED INTO OUR FUTURE TECHNOLOGY BUSINESS, TARGETING GLOBAL UNMET CLINICAL NEEDS.

As an innovative medical device company, we remain acutely aware of the critical importance of sustained innovation in creating shareholder value and advancing industry and societal progress. During the Reporting Period, in addition to the iterative upgrades of our Taurus-series TAVR products mentioned above, we achieved significant breakthroughs in developing MR and TR treatment solutions, as well as comprehensive technological advancements across our peri-valvular disease ecosystem.

MR Therapeutic Advancement

- Completed the patient enrollment for the multi-center registration clinical trial of the GeminiOne® TEER system in China in May 2024, with one-year patient follow-ups progressing systematically. The product was granted two U.S. patents during the Reporting Period, with preparations for overseas EFS currently underway.

- Steady progress was made in the multi-center registration clinical trial for HighLife® TSMVR system, with continued clinical development planned through 2025.

TR Therapeutic Advancement

- Received FDA approval in September 2024 for the IDE for the EFS of MonarQ TTVR® system, with preparations for patient enrollment currently underway.

Pioneering Technology Advancement

- The Lithotripsy Valvuloplasty System (formerly named TaurusWave®) completed the preliminary research clinical trial, with expanded clinical investigations planned to explore therapeutic applications.

- The ReachTactile™ robotic-assisted TAVR system was in preparation for the FIM clinical trial during the Reporting Period. The first case of the FIM clinical trial was completed in April 2025. For further details, please refer to our announcement dated April 6, 2025.

Strategic Business Realignment

During the Reporting Period, to optimize resource allocation and bolster the development of innovative pipelines, the Group restructured its Transcatheter Valve Therapeutic Business by strategically spinning off three high-potential R&D projects, including Lithotripsy Valvuloplasty System, MonarQ TTVR® system, and ReachTactile™ robotic-assisted TAVR system to the newly established Future Technology Business. Future Technology Business focuses on delivering globally cutting-edge therapeutic solutions for a comprehensive range of heart valve diseases. All projects target unmet clinical needs in markets lacking mature treatment options. Each project is managed by an independent team and executed through dedicated subsidiaries within the Group, which maintain full autonomy in operations and financing. As of the date of this report, several projects have independently secured external financing.

This strategic realignment enhances our capacity to pioneer transformative technologies while maintaining disciplined resource management across our innovation portfolio.

THE GROUP'S LICENSED-IN AR TECHNOLOGY RECEIVED ENDORSEMENT FROM EDWARDS LIFESCIENCES. THE PATIENT ENROLLMENT FOR THE TAURUSTRIO™ REGISTRATION CLINICAL TRIAL WAS COMPLETED AHEAD OF SCHEDULE, PAVING THE WAY FOR A REVOLUTION IN AR TREATMENT IN CHINA.

In July 2024, Edwards Lifesciences ("**Edwards**"), a global leader in heart valve technology, announced its intention to fully acquire JenaValve, our licensing partner, for its AR technology. JenaValve's Trilogy™ Transcatheter Heart Valve ("**THV**") System is the first and currently the only transfemoral TAVR product with dual indications for both AS and AR that is commercially available in major global markets. The one-year follow-up data from its ALIGN-AR Pivotal Trial in the United States demonstrated excellent outcomes, which were published in ***The Lancet*** in March 2024. AR treatment is emerging as one of the most prominent topics in global valvular disease therapy, and Edwards' potential acquisition has greatly strengthened confidence in AR treatment across both medical and industrial communities.

The Group entered into an exclusive licensing agreement with JenaValve for Greater China rights to its AR technology in December 2021. We initiated the multi-center registration clinical trial for TaurusTrio™ (renamed Trilogy™ THV System) in mainland China in July 2023 and successfully completed enrollment of all 116 patients by January 2024, ahead of schedule. During the Reporting Period, we also completed 9 commercial implantations of Trilogy™ in Hong Kong, and expanded JenaValve's AR technology to Taiwan, China in March 2025, completing the first two special-access implantations. As of the date of this report, we have completed the one-year patient follow-up for the TaurusTrio™ registration clinical trial and are preparing for the submission of the NMPA registration application. Meanwhile, our manufacturing and sales and marketing teams have begun preparations, laying a solid foundation for the commercialization of TaurusTrio™ to ensure timely treatment accessibility for AR patients across China upon regulatory approval.

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, our product portfolio across key business segments is as follows:

- Transcatheter Valve Therapeutic Business: seven registered products and multiple product candidates in development.

- Future Technology Business (a spin-off from Transcatheter Valve Therapeutic Business): three product candidates in development.

- Neurointerventional Business: seventeen registered products and multiple product candidates in development.

I. BUSINESS REVIEW (CON'D)

The development status of our product portfolio as of the date of this report is summarized in the chart below:

		Products / Product Candidate	Pre-Clinical / Clinical / Registration / Commercialization
Transcatheter Valve Therapeutic	TAVR(r) *(AS)*	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 Follow-up of the Multi-center Registration Clinical Trial
		TaurusApex® Polymeric Trileaflet TAVR System ●	Animal Studies
	TAVR *(AR)*	TaurusTrio™ TAV System *(Licensed-in Trilogy™ THV System)* ★	Submitted Application for NMPA Registration Approval
		Trilogy™ TAVR 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
		GeminiOne® TEER System	Ongoing Patient Follow-up of the Multi-center Registration Clinical Trial in China
	TTVR(r)	GeminiOne® TEER System	Preparing for FIM Clinical Trial
	Procedural Accessories	TaurusAtlas® Transfemoral Balloon Catheter ▲	NMPA Approval
		TaurusAtlas Pro® Transfemoral Balloon Catheter ▲	NMPA Approval
		TaurusNavi® Introducer Sheath ▲	NMPA Approval
		TaurusExplora® Pre-shaped Guidewire ▲	NMPA Approval
Future Technology	Lithotripsy Valvuloplasty Technology	Lithotripsy Valvuloplasty System (formerly named TaurusWave®) ●	Completed FIM Study
	Tricuspid Valve Replacement Technology	MonarQ TTVR® System *(Global IP)*	Compassionate Use; Preparing for EFS
	Robotic-Assisted TAVR Technology	ReachTactile™ Robotic-Assisted TAVR System	Ongoing FIM study
Neurointerventional	Hemorrhagic	Jasper® Detachable Coil	NMPA Approval; Registered in Indonesia, and Ecuador
		Presgo® Detachable Coil	NMPA Approval; Registered in Brazil
		Jasper® SS Detachable Coil	NMPA Approval
		NRcoil™ Detachable Coil	NMPA Approval
		CereStellar™ Intracranial Adjunctive Stent	Multi-center Registration Clinical Trial
		YonFlow® Flow Diverting Stent *(Exclusive Distribution)*	NMPA Approval
	Ischemic *(AIS)*	Fluxcap® Balloon Guide Catheter	NMPA Approval
		Tethys AS® Aspiration Catheter	NMPA Approval
		Syphonet® Stent Retriever	NMPA Approval
	Ischemic *(ICAD)*	Fastunnel® Delivery Balloon Dilatation Catheter	NMPA Approval
		SacSpeed® Balloon Dilatation Catheter	NMPA Approval
		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
		Delivery Catheter *(Large Lumen)*	Completed the 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.

● Among our products, these devices utilized our platform technologies. For more details of the platform technologies, please see pages 21 to 22.

I. BUSINESS REVIEW (CON'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 RMB259.9 million, representing an increase of 40.1% from RMB185.6 million recorded for the year ended December 31, 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.

A new AV21 specification of TaurusOne® has been approved by the NMPA in April 2024, which is specifically designed to adapt to the smaller annulus of Chinese patients. In addition, we optimized the performance of the delivery catheter system by adding a TAV marker to enhanced visualization and adding a retrieving and repositioning function to the handle. We received the NMPA approval for these new upgrades in December 2024.

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. As of the date of this report, TaurusElite® remains as the record-breaking domestic retrievable TAVR product in terms of approval time.

I. BUSINESS REVIEW (CON'D)

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

TaurusElite® — Second-Generation Retrievable TAVR System (cont'd)

We received the NMPA approval for the registration application of TaurusElite® in June 2021 and commercialized the product in July 2021. In April 2024, a new AV21 specification of TaurusElite® has been approved by the NMPA, which is specifically designed to adapt to the smaller annulus of Chinese patients.

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. As of the date of this report, we are continuing to progress the commercialization of TaurusMax™.

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.

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

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 one-year patient follow-up of the multi-center registration clinical trial for TaurusNXT®.

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

I. BUSINESS REVIEW (CON'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.

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 completed the technology transfer and established local manufacturing of TaurusTrio™ TAV System in Suzhou, realizing technical consistency with Trilogy™ THV System.

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.

I. BUSINESS REVIEW (CON'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)

As of the date of this report, the Trilogy™ THV System has been successfully implanted in several cases in Hong Kong and Taiwan, China. For TaurusTrio™, the first compassionate use treatment was conducted in Hong Kong, China, in November 2024. In mainland China, patient enrollment for the multi-center registration clinical trial was completed in January 2024. As of the date of this report, we have received the confirmation letter from the NMPA confirming the acceptance of the registration application for TaurusTrio™.

WE MAY NOT BE ABLE TO ULTIMATELY 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 IDE approval from the FDA to initiate a pivotal study for the HighLife® TSMVR solution in the United States. On April 7, 2025, HighLife announced that it had granted US FDA Breakthrough Device Designated for the HighLife® TSMVR system.

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.

I. BUSINESS REVIEW (CON'D)

Transcatheter Mitral Valve Replacement and Repair Product Candidates (con'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 are continuing to progress the one-year patient follow-up of the multi-center registration clinical trial for GeminiOne® in China and are planning to carry out the EFS of this product in the United States. In the meantime, we are also exploring the application of GeminiOne® TEER technology in treating tricuspid valve disease.

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

Sutra Hemi Valve — Transcatheter Mitral Valve Coaptation Augmentation System

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

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

Future Technology Product Candidates

Our Future Technology Business was established during the Reporting Period as a spin-off from the Transcatheter Valve Therapeutic Business. It focuses on delivering globally cutting-edge therapeutic solutions for a comprehensive range of heart valve diseases. All projects target unmet clinical needs in markets lacking mature treatment options. Currently, Future Technology Business has three product candidates, including Lithotripsy Valvuloplasty System, MonarQ TTVR® system, and ReachTactile™ robotic-assisted TAVR system. Each project is managed by an independent team and executed through dedicated subsidiaries within the Group, which maintain full autonomy in operations and financing. As of the date of this report, several projects have independently secured external financing.

Lithotripsy Valvuloplasty System

The Lithotripsy Valvuloplasty System (formerly named TaurusWave®) 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 FIM study for AS (10 patients) was successfully completed in the Second Affiliated Hospital Zhejiang University School of Medicine. Also, a separated entity SmartWave Medical was incorporated to further develop this platform technology for several applications and indications.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LITHOTRIPSY VALVULOPLASTY SYSTEM SUCCESSFULLY.

I. BUSINESS REVIEW (CON'D)

Future Technology Product Candidates (con'd)

MonarQ TTVR® system — Acquired TTVR Product

We entered into an intellectual property ("**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 TTVR® system, 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. In September 2024, we received the FDA approval for the IDE for the EFS of the MonarQ TTVR® system. The formal launch of the EFS is currently under preparation.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET MonarQ TTVR® SYSTEM SUCCESSFULLY.

ReachTactile™ — Advancing Robotic-Assisted TAVR System

ReachTactile™, our internally developed robotic-assisted TAVR system, offers an innovative, cost-effective solution for transcatheter valve replacement or repair therapies. It targets the rapidly growing TAVR market in China and globally, addressing technical challenges during the procedure and the shortage of expert cardiologists capable to conduct a transcatheter valve replacement or repair procedure.

The mobile, modular design of ReachTactile™ fits conventional catheter rooms, allowing a single cardiologist to operate multiple devices with sub-millimeter precision. A force-sensing mechanism provides real-time tactile feedback, aiding navigation in complex vascular conditions. The Master Unit-Slave Unit architecture allows cardiologists to reduce radiation exposure and other occupational diseases. Meanwhile, remote control capabilities via ethernet enable long-distance operations and training.

As of the date of this report, we have completed the first patient treatment of the FIM clinical trial for ReachTactile™. For further details, please refer to our announcement dated April 6, 2025.

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

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, for our Transcatheter Valve Therapeutic Business and Future Technology Business.

I. BUSINESS REVIEW (CON'D)

Platform Technologies (con'd)

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 Lithotripsy Valvuloplasty 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 RMB355.5 million, representing an increase of 39.1% from approximately RMB255.6 million for the year ended December 2023.

Hemorrhagic Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB107.8 million from hemorrhagic products, representing an increase of 31.6% from approximately RMB81.9 million for the year ended December 2023 and accounting for 30.3% 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.

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 are continuing to progress the patient follow-up of the multi-center registration clinical trial of CereStellar™.

I. BUSINESS REVIEW (CON'D)

Hemorrhagic Products and Product Candidates (con'd)

YonFlow® Flow Diverting Stent: YonFlow® Flow Diverting Stent is the first retrievable stent system after complete release globally. We entered into an exclusive distribution agreement with NowYon Medical on August 16, 2024 for selling and distributing of the YonFlow® Flow Diverting Stent in the territory of the Greater China. Please refer to the announcement of the Company dated August 28, 2024 for further details. The registration application of YonFlow® Flow Diverting Stent was approved by the NMPA in April 2025.

Ischemic Products and Product Candidates

For the Reporting Period, our revenue generated from the sales of ischemic products amounted to RMB114.9 million, representing an increase of 33.7 % from approximately RMB85.9 million for the year ended December 31, 2023 and accounting for 32.3% of the total revenue of the Neurointerventional Business.

Products Designed for Treating AIS

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

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

I. BUSINESS REVIEW (CON'D)

Ischemic Products and Product Candidates (con'd)

Products Designed for Treating AIS (con'd)

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.

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.

I. BUSINESS REVIEW (CON'D)

Ischemic Products and Product Candidates (con'd)

Products Designed for Treating ICAD (con'd)

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.

Vascular Access Products and Product Candidates

For the Reporting Period, we generated a total revenue of RMB132.6 million from vascular access products, representing an increase of 52.3% from approximately RMB87.1 million for the year ended December 31, 2023 and accounting for 37.3% 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.

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

DCwire® Micro Guidewire: DCwire® Micro Guidewire is designed based on the idea of "microstructure". The term "microstructure" refers to the design of a multi-layered microstructured 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.

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 completed.

Other commercialized vascular access products include Presgo® Microcatheter, Presgo® Micro Guidewire and Heralder® Guide Catheter. Meanwhile, we are optimizing the performance of our current products by developing the next generation products based on clinical feedback and are actively advancing the development and registration for related iterative products.

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

I. BUSINESS REVIEW (CON'D)

Research & Development

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

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

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

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

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

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

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.

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.

I. BUSINESS REVIEW (CON'D)

Research & Development (con'd)

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

As of December 31, 2024, we had an in-house R&D team of 175 employees dedicated to the R&D of our transcatheter valve therapeutic business, future technology business and neurointerventional business.

Intellectual Property

We remain unwavering in our commitment to independent innovation to solidify our core competitive edge. In 2024, we strategically evolved the Company's IP framework from a defensive posture to a dual strategy of offense and defense. This transformation was marked by strengthened compliance in trademark usage, the establishment of a preliminary framework for trade secret management, and more comprehensive protection of our core technologies. Moreover, we obtained the GB/T 29490–2013 Intellectual Property Management System Certification in April 2022. We are currently undergoing an upgrade in accordance with the requirements of the GB/T 29490–2023 Enterprise Intellectual Property Compliance Management System, marking a significant step forward in our intellectual property management.

We have a robust intellectual property portfolio, consisting of a total of 200 granted and valid patents, 170 patents under application and 132 registered trademarks. As of December 31, 2024, there were 114 granted and valid patents, 122 patents under application and 53 registered trademarks for our Transcatheter Valve Therapeutics and Future Technology Businesses, and 86 granted and valid patents, 48 patents under application and 79 registered trademarks for our Neurointerventional Business.

Manufacturing

For our Transcatheter Valve Therapeutic Business, 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 in Zhongtian Road, Suzhou. The new plants have passed the inspection by the NMPA and obtained permission to manufacture medical devices. 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.

For our Neurointerventional Business, we manufactured, assembled and inspected our products at two production facilities in 2024. 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. Following the lease expiration of our production facility at Zhangjiang Industrial Park in October 2024, the manufacturing for our neurointerventional products have been fully transitioned to our production facility located at Zhongtian Road, Suzhou.

I. BUSINESS REVIEW (CON'D)

Manufacturing (con'd)

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 added approximately 1,080 sq.m of cleanroom and completed the validation in June 2024.

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

We have established an advanced quality management system, rigorously upholding product excellence and safeguarding consumer rights across all dimensions. 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. We have implemented the Non-Conforming Product Control Procedures (《不合格品控制程序》) to standardize the identification, handling, and resolution of non-compliant products throughout the entire product lifecycle — from raw material procurement and production processes to final delivery — ensuring systematic compliance and operational integrity. 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

The Company is committed to being physicians' most trusted product partner and service provider through three core pillars: (i) precise product positioning and superior product performance; (ii) well-rounded sales and marketing support; and (iii) end-to-end engagement across the product lifecycle.

For the Company's Transcatheter Valve Therapeutics, during the Reporting Period, we placed our products in over 150 new hospitals, expanding total coverage to approximately 650 medical institutions in China as of December 31, 2024. Total annual terminal implantation volume surpassed 3,400 units, while our share in the Chinese transfemoral TAVR market grew to approximately 25%.

Through structured internal training programs and talent development initiatives, we have cultivated a high-performance team with industry-leading expertise in medical education and commercial operations. As of December 31, 2024, our sales and marketing workforce stood at 193 professionals, supported by a medical department of 10+ licensed physicians providing expert clinical support for patient evaluation, procedure planning, and other perioperative management affairs.

I. BUSINESS REVIEW (CON'D)

Commercialization (con'd)

Capitalizing on continuous product iterations and the penetration of technologies into broader clinical practice, our value-driven academic initiatives have significantly enhanced commercialization efficacy. We advance the transcatheter valve therapeutic technologies through multidimensional academic ecosystem development: (i) delivering standardized procedure and core technology mastery trainings for TAVR; (ii) developing lifecycle management for AS patients based on the features of Taurus-series products; (iii) anatomical assessment and advanced techniques for the treatment of AR patients; and (iv) exchange of practical experience in complex cases and related academic and clinical hotspots. These clinician-centric academic activities have facilitated the gradual translation from iterative surgical technology to clinical treatment benefits, driving durable physician engagement and active interaction. Since its official launch in June 2022, our proprietary *Yijia Institute* has emerged as a leading digital education brand in the field of transcatheter valve therapy, driven by its consistent delivery of high-quality content and innovative online professional education models. The platform has attracted a total of 1,392 registered users, with clinical practitioners accounting for 84.3% of the user base. Its WeChat official account has garnered over 4,500 followers, and the cumulative readership of professional articles on the platform has exceeded 44,000 views.

During the Reporting Period, the Company's Neurointerventional Business achieved further commercial success driven by our comprehensive product portfolio, innovative procedure techniques, and strategic responses to VBPs. Our hemorrhagic, ischemic and vascular access product lines all experienced significant growth. In August 2024, we entered into a partnership with NowYon Medical, securing exclusive distribution right for its self-developed YonFlow® Flow Diverting Stent in the territory of the Greater China, which completed the final piece of our hemorrhagic product pipeline.

As of December 31, 2024, we had 95 employees dedicated to the sales and marketing of our neurointerventional products, and our distributor network covers approximately 2,300 hospitals across 31 provinces and municipalities in China.

Facing intense market competition, we adopted differentiated marketing strategies tailored to the competitive landscape and design features of each individual product. Notably, based on the superior design and performance of our products, we have developed more than ten innovative procedure techniques that directly address unmet clinical needs and pain points, in collaboration with physicians. The promotion of these innovative techniques effectively drove the commercialization of our product portfolio during the Reporting Period, including the Syphonet® Stent Retriever (representative techniques: BASIS, COSIS), Tethys® Intermediate Catheter (representative techniques: TRUST, REST, ATTACH) and Fastunnel® Delivery Balloon Dilatation Catheter (representative techniques: Zero Exchange, FAST ICAS, ANSWER).

Since the beginning of 2023, the VBP of neurointerventional products has been progressively implemented at the provincial and regional levels. The Company has consistently and proactively engaged in relevant initiatives. Leveraging our comprehensive product portfolio, long-term brand penetration, and effective strategic pricing, we have secured winning bids multiple times, ensuring a stable supply of high-quality and cost-effective neurointerventional products to the market. Following the successful bid in the provincial alliance VBP of coils led by Jilin Province (Group A), our coil product was again selected in the *3+N* Alliance VBP of coils in the Beijing-Tianjin-Hebei region in March 2024. The winning bid regions for our coil products now cover over 90% of provinces nationwide. Additionally, in the provincial alliance VBP of vascular interventional consumables led by Hebei Province in January 2025, both our SacSpeed® Balloon Dilatation Catheter and Fastunnel® Delivery Balloon Dilatation Catheter won bids in Group A under Rule One.

I. BUSINESS REVIEW (CON'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 remain steadfast in our goal of becoming China's foremost TAVR brand. 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 and one-year patient follow-up have been completed in the registration clinical trials of TaurusTrio™ and TaurusNXT®, 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.

For our Future Technology Business, we will continuously advance the financing initiatives of our subsidiaries and the R&D of cutting-edge therapeutic products to accelerate the translation of technological innovations into clinical applications, with the goal of providing high-quality medical services to a greater number of patients worldwide. This strategic commitment not only benefits patients with heart valve diseases worldwide, but also enhances clinical convenience for cardiologists through technological innovation.

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

II. FINANCIAL REVIEW

Revenue

For the year ended December 31, 2024, our Group's revenue was RMB615.5 million, representing an increase of 39.5% as compared to RMB441.1 million for the year ended December 31, 2023. Revenue from Neurointerventional Business and Transcatheter Valve Therapeutic Business were RMB355.5 million and RMB259.9 million, representing an increase of 39.1% and 40.1% as compared to RMB255.6 million and RMB185.6 million for the year ended December 31, 2023, respectively.

The increase in revenue was primarily attributable to: (i) increase of sales volume of TAVR products, of which the revenue increased by RMB74.4 million; (ii) increase of sales volume of DCwire® Micro Guidewire, of which the revenue increased by RMB36.9 million; (iii) increase of sales volume of Syphonet® Stent Retriever, of which the revenue increased by RMB24.4 million; and (iv) increase of sales volume of Jasper® Detachable Coil, of which the revenue increased by RMB18.5 million.

II. FINANCIAL REVIEW (CONT'D)

Revenue (Cont'd)

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

	Year ended December 31,			
	2024		2023	
	RMB'000	%	RMB'000	%
Hemorrhagic	**107,791**	**30.3**	81,892	32.1
Ischemic	**114,922**	**32.3**	85,938	33.6
Vascular Access	**132,625**	**37.3**	87,100	34.1
Others	**209**	**0.1**	625	0.2
Total	**355,547**	**100.0**	255,555	100.0

Cost of Sales

For the year ended December 31, 2024, our Group's cost of sales was RMB181.9 million, representing an increase of 57.1% as compared to RMB115.8 million for the year ended December 31, 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 33.3%, from RMB325.4 million for the year ended December 31, 2023 to RMB433.6 million for the year ended December 31, 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 70.5% for the year ended December 31, 2024, as compared to 73.8% for the year ended December 31, 2023.

Selling and Distribution Expenses

Selling and distribution expenses increased by 1.0% from RMB325.0 million for the year ended December 31, 2023 to RMB328.3 million for the year ended December 31, 2024. Such increase was primarily attributable to (i) promotion for new products; (ii) the increase in the expenditure incurred for market education, development of multi-sales channels; and (iii) increase in the headcount of sales team to expand the market in Mainland China.

Administrative Expenses

Administrative expenses increased by 6.7% from RMB141.6 million for the year ended December 31, 2023 to RMB151.1 million for the year ended December 31, 2024. The increase was primarily attributable to the increase in wages and salaries.

II. FINANCIAL REVIEW (CONT'D)

Research and Development Expenses

Research and development expenses decreased by 30.7% from RMB293.4 million for the year ended December 31, 2023 to RMB203.4 million for the year ended December 31, 2024. Such decrease was primarily attributable to the service expenses decreased.

For the year ended December 31, 2024, R&D expenses for Transcatheter Valve Therapeutic Business and Neurointerventional Business were amounted to RMB124.2 million and RMB50.3 million, respectively. The following table sets forth the components of research and development expenses for the periods indicated:

	Year ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Service expenses for research and development	**42,498**	**16.1**	141,225	48.1
Employee benefits expenses	**107,666**	**48.9**	79,817	27.2
Raw materials and consumables used	**53,599**	**22.8**	55,173	18.8
Depreciation and amortization	**11,393**	**4.5**	8,890	3.0
Other	**17,974**	**7.7**	8,315	2.9
Less: Capitalized research and development expenses in intangible assets	**(29,710)**	**N/A**	—	—
Total	**203,420**	**100.0**	293,420	100.0

Other gains and losses

Other gains and losses decreased from a net other loss of RMB15.8 million for the year ended December 31, 2023 to a net other loss of RMB9.3 million for the year ended December 31, 2024. The loss in 2024 was mainly due to the fair value change of financial assets at fair value through profit or loss. The decrease was mainly due to the reduction of loss from foreign exchange forward contracts.

Finance Income — net

Net finance income decreased from RMB39.3 million for the year ended December 31, 2023 to RMB17.7 million for the year ended December 31, 2024. The decrease was mainly due to the bank interest income decreased.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2024, the gearing ratio of our Group increased to 31.5% from 17.5% as of December 31, 2023. The increase was primarily attributable to the unsettlement of milestone payments for certain business development project for the year ended December 31, 2024.

Net Current Assets

As of December 31, 2024, our Group's net current assets were RMB544.3 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, 2024 and corresponding payments were unsettled for the year ended December 31, 2024.

II. FINANCIAL REVIEW (CONT'D)

Borrowings

As of December 31, 2024, our Group's borrowings, which bore interest rates of 3.25%-3.60%, were RMB248.1 million, as compared with 217.4 million as of December 31, 2023. The purpose of the long-term borrowing was for financing the construction of the new headquarter.

Capital Management

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

Liquidity and Financial Resources

As of December 31, 2024, our Group's total cash, cash equivalents and term deposits amounted to approximately RMB707.8 million, representing a decrease of 26.7% 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.

Capital Expenditure

For the year ended December 31, 2024, our Group's total capital expenditure amounted to approximately RMB280.1 million, which was mainly used in (i) the construction of new headquarter and factory; (ii) equipment procurement; and (iii) technologies development.

Significant Investment

As at December 31, 2024, the balance of non-current financial assets at FVTPL amounted to RMB316.8 million, representing eight unlisted equity investments, while the balance of current financial assets at FVTPL amounted to RMB14.7 million, representing one unlisted debt investment.

The unlisted equity investments represented preferred shares of eight unlisted entities owned by our Group, the movements of which during the Reporting Period are shown under Note 18 to 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 at December 31, 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 RMB165.3 million, constituting 6.2% of our total assets as at December 31, 2024.

II. FINANCIAL REVIEW (CONT'D)

Significant Investment (Cont'd)

inQB8 (Cont'd)

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. In September 2024, we received the FDA approval for the IDE for the EFS of the MonarQ TTVR® system. The formal launch of the EFS is currently under preparation.

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.

Contingent Liabilities

As of December 31, 2024, our Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As of December 31, 2024, our Group did not have any material acquisitions and disposals of subsidiary, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

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

Charge on Assets

As of December 31, 2024, a land use right and a building under construction of our Group with carrying amounts of RMB8.9 million and RMB360.8 million respectively have been mortgaged for bank borrowing.

Foreign Exchange Exposure

Our Group has transactional currency exposures. Certain bank balances and cash, other receivables, financial assets at fair value through profit or loss and trade and other payables are dominated in foreign currencies and are exposed to foreign currency risk. Our management monitors foreign exchange exposure and the Group might enter into certain foreign exchange forward contracts to hedge certain risk exposure.

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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CONT'D)

The table below sets forth the utilization of the net proceeds from the Global Offering and the expected timeline of the unutilized amount as of December 31, 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 December 31, 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	332.93	399.44	Yr 2025
Ongoing pre-clinical studies and planned clinical trials, preparation for registration flings and potential commercial launches (including sales and marketing) of our other product candidates in our pipeline	10	258.8	0	—	—	—
Strengthen our research and development capables to enrich our product pipeline	8	207.04	79.64	49.19	30.45	Yr 2025
Expand our product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities	10	258.8	0	—	—	—
Working capital and other general corporate purposes	7	181.16	0	—	—	
Total	100	2,587.98	812.01	382.12	429.89	

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

As of December 31, 2024, net proceeds from the Global Offering not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

USE OF PROCEEDS FROM THE PLACING

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

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

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

The table below sets forth the utilization of the net proceeds from the Placing and the expected timeline of the unutilized amount as of December 31, 2024:

Business objective as stated in the announcement of the Company dated Jan 22, 2021	Percentage to total amount %	Net proceeds HK$ million	Unutilized amount as of Decemebr 31, 2023 HK$ million	Utilized amount during the Reporting Period HK$ million	Unutilized amount as of December 31, 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	0.00	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	0.00	—	—	—
To fund ongoing technology transfer, product development, and research and development, across the Group	25	242.87	0.00	—	—	—
For other general corporate purposes	5	48.58	48.58	0.00	48.58	Yr 2025
Total	100	971.48	73.89	—	73.89	

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

USE OF PROCEEDS FROM THE PLACING (CONT'D)

As of December 31, 2024, net proceeds from the Placing not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

HUMAN RESOURCES

As of December 31, 2024, our Group had 1,047 employees, all of whom were based in China. Our Group's total employee benefits for the Reporting Period were approximately RMB351.3 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.

DIRECTORS AND SENIOR MANAGEMENT

The Board consists of three Executive Directors, four non-executive Directors and four independent non-executive Directors.

DIRECTORS

Executive Directors

Dr. Yi ZHANG (張一) ("Dr. ZHANG"), aged 56, is the Executive Director, Chairman of the Board and Chief Executive Officer of the Company. He was appointed as a Director of the Company on May 30, 2012, and re-designated as an Executive Director of the Company on January 21, 2020.

Dr. ZHANG is primarily responsible for the overall management, business, technology development, strategy and oversight of the commercial suitability and sustainability of our Group. Dr. ZHANG has served as a Director at XinYue International Limited since September 2009, a company in which he holds 65% interest. Dr. ZHANG holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	August 2009 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	August 2009 to present
Peijia Suzhou	Director	January 2013 to present
	Legal Representative	November 2018 to May 2019, and March 2021 to present
Peijia Shanghai	Director	October 2012 to present
	Legal Representative	March 2021 to present
Achieva Shanghai	Director	May 2006 to present
	Legal Representative	March 2021 to present
Achieva Suzhou	Director	January 2019 to present
	Legal Representative	March 2021 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	May 2019 to February 2023
	Legal Representative	March 2021 to February 2023
Peijia Medical Holding Limited	Director	April 2021 to present
Peijia Medical US Limited	Director	May 2021 to present
Peijia Haining	Director	March 2022 to present
	Legal Representative	March 2022 to present
Peijia Medical International Inc.	Director	August 2023 to present
Peijia Medical Global Inc.	Director	August 2023 to present
MonarQ LLC	Director	August 2023 to present
Sierrra Valve LLC	Director	August 2023 to present
Zhicheng Medical	Director	September 2023 to present
	Legal Representative	September 2023 to present
SmartWave Limited	Director	March 2024 to present
SmartWave (BVI) Limited	Director	April 2024 to present
SmartWave Medical HK Limited	Director	April 2024 to present
SmartWave Medical	Director	June 2024 to present
	Legal Representative	

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Prior to joining our Group, from 1996 to 1998, Dr. ZHANG worked at Medtronic Plc, a biomedical engineering company listed on the NYSE (stock code: MDT). From 1998 to 2002, Dr. ZHANG was a senior engineer at the research & development department of Guidant Corporation (subsequently acquired by Boston Scientific Corporation, a company listed on the NYSE (stock code: BSX)), a company which designs and manufactures artificial cardiac pacemakers, stents, and cardiovascular medical products. From February 2002 to June 2006, Dr. ZHANG served as the Chief Executive Officer of MicroPort Medical (Shanghai) Co., Ltd., the predecessor of MicroPort Scientific Corporation, which is a company listed on the Stock Exchange (stock code: 0853) that manufactures and sells coronary drug eluting stents, peripheral vascular stents, aortic balloon dilatation catheters, aortic stent grafts, and other related products, primarily in China. In this capacity, Dr. ZHANG was responsible for overseeing the company's overall business and strategic expansion.

From 2006 to 2019, Dr. ZHANG was the Chairman at Otsuka China, a company which is primarily engaged in the strategic investments in pharmaceuticals and consumer products businesses, spanning pharmaceuticals, and food and beverage industries. Products manufactured by investees and/or subsidiaries of Otsuka China include oral drugs, and food and beverage products.

From 2010 to 2019, Dr. ZHANG was the Board Chairman of Otsuka Medical Devices Co., Ltd., a company which is primarily engaged in the development and production of medical devices and treatment solutions in endoscopy, orthopedic implants, vascular intervention, and regenerative medical devices targeting drug-resistant, treatment resistant and intractable diseases. In this capacity, Dr. ZHANG was responsible for advising the company's strategic planning and investment. Medical devices produced by Otsuka Medical Devices Co., Ltd. mainly include ultrasound-based renal denervation which is used to treat resistant hypertension, and drug-coated scaffolds which are used in Percutaneous Coronary Intervention (PCI) procedures.

Dr. ZHANG received his bachelor's degree in chemical engineering, with a specialization in production process automation in July 1988, and his master's degree in chemical engineering, with a specialization in device and instrument automation in March 1991, both from Zhejiang University. Subsequently, he received his degree of doctor of philosophy in engineering science in March 1997 from the University of Toledo.

Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses, and Dr. ZHANG is the brother-in-law of Ms. Hong YE.

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Mrs. Ping Ye ZHANG (張葉萍) ("Mrs. ZHANG"), aged 57, was appointed as a Director of the Company on August 28, 2018, and re-designated as an Executive Director of the Company on January 21, 2020. She is primarily responsible for the overall management, business, and strategy of our Group. She has served as a Director at XinYue International Limited since September 2009. Mrs. ZHANG holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	November 2005 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	March 2009 to present
Peijia Suzhou	Supervisor	January 2013 to November 2018
	Director	November 2018 to present
Peijia Shanghai	Supervisor	November 2011 to December 2018
	Director	December 2018 to present
Achieva Shanghai	Director	February 2006 to present
Achieva Suzhou	Director	January 2016 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	January 2018 to February 2023

From June 1993 to March 2000, Mrs. ZHANG served as manufacturing engineer and R&D engineer at Guidant Corporation. From March 2000 to July 2003, Mrs. ZHANG served as engineering manager at Biosensors International (formerly known as Sunscope International Inc.), in which she oversaw the development of processes and designs for its Percutaneous Transluminal Coronary Angioplasty (PTCA) and stent delivery system and as project manager at Jomed Inc. Mrs. ZHANG served as an executive director of Ronghe Medical Technology (Zhejiang) Co., Ltd. since July 2022.

Mrs. ZHANG received her bachelor's degree in polymer engineering in June 1989 from Zhejiang University. She received her degree of master of science in engineering in May 1993 from University of Akron. Subsequently, she received her degree of master of business administration in December 1996 from University of Redlands.

Dr. ZHANG and Mrs. ZHANG are spouses, and Mrs. ZHANG is a sibling of Ms. Hong YE.

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Ms. Hong YE (葉紅) ("Ms. YE"), aged 53, was appointed as a Director of the Company on October 23, 2012 and re-designated as an Executive Director of the Company on January 21, 2020. She is also a Board Secretary of the Company. She is primarily responsible for the overall management, business, and strategy of our Group and also in charge of general corporate governance and development of our Group. Ms. YE was responsible for the financial management and plant construction of our Group from its establishment until April 2019. Ms. YE holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	December 2019 to present
Marvel Finder	Director	November 2017 to present
Achieva HK	Director	December 2019 to present
Peijia Suzhou	Legal Representative	January 2013 to November 2018, and May 2019 to March 2021
	Director	January 2013 to present
Peijia Shanghai	Director	November 2011 to present
Achieva Shanghai	Supervisor	February 2008 to March 2016
	Director	December 2019 to present
Achieva Suzhou	Supervisor	January 2016 to December 2019
	Director	December 2019 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	December 2019 to February 2023
Peijia HK	Director	May 2022 to present
Peijia Haining	Supervisor	March 2022 to present
Frontline Navigator Limited	Director	October 2022 to present

Ms. YE graduated from Sichuan Institute of Foreign Language (now known as Sichuan International Studies University) in 1992. She also took courses provided by the Certified General Accountants Association of Canada at British Columbia Institute of Technology prior to her joining the Group.

Ms. YE is a sibling of Mrs. ZHANG, and the sister-in-law of Dr. ZHANG.

DIRECTORS (CONT'D)

Non-executive Directors (cont'd)

Mr. Jifeng GUAN (關繼峰) ("Mr. GUAN"), aged 55, who had previously served as a Director of the Company between March 2016 to September 2019, was reappointed as a Director of the Company on October 22, 2019, and re-designated as a non-executive Director of the Company on January 21, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of our Group, and supervising the management of our Board. In addition, Mr. GUAN holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	December 2019 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	December 2019 to present
Peijia Suzhou	Director	March 2016 to present
Peijia Shanghai	Director	December 2017 to present
Achieva Shanghai	Director	December 2019 to present
Achieva Suzhou	Director	December 2019 to present

From June 2005 to May 2010, Mr. GUAN served as the Chairman and Chief Executive Officer at Jiuzhitang Co., Ltd., a company engaged in the production of biological and Chinese medicine pharmaceutical products and is listed on the Shenzhen Stock Exchange (stock code: 000989). From July 2013 to present, Mr. GUAN had served as various senior management positions of various private equity funds that focus on medical investments. From July 2013 to present, Mr. GUAN served as an Executive Director and general manager of Beijing Tianfeng Spring Capital Ltd. From November 2017 to present, he served as an Executive Director and general manager of Beijing Tianfeng Dehui Investment. From March 2015 to March 2024, Mr. GUAN has served as a Director at Shanghai Ace Investment & Development Co., Ltd., a company principally engaged in the logistics management for sulfur, fertilizer, chemical products, non-ferrous metals, mineral products, and certain dangerous goods, and is listed on the Shanghai Stock Exchange (stock code: 603329). From May 2016 to April 2024, Mr. GUAN had served 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).

Mr. GUAN studied in Industrial Enterprise Management at Capital University of Economics and Business in August 1991, and obtained his degree of master of business administration jointly issued by University of Northern Virginia and School of International Education Beijing Institute of Technology in November 2005. From December 2017, Mr. GUAN has also obtained his China fund practitioner qualification certificate (中國基金從業人員資格證) from the Asset Management Association of China (AMAC).

DIRECTORS (CONT'D)

Non-executive Directors (cont'd)

Mr. Fei CHEN (陳飛) ("Mr. CHEN"), aged 45, was appointed as a Director of the Company on June 6, 2019, and re-designated as a non-executive Director of the Company on January 21, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of our Group, and supervising the management of our Board. In addition, Mr. CHEN holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	June 2019 to present
Marvel Finder	Director	July 2019 to present
Achieva HK	Director	July 2019 to present
Peijia Suzhou	Director	August 2019 to present
Peijia Shanghai	Director	August 2019 to present
Achieva Shanghai	Director	July 2019 to present
Achieva Suzhou	Director	August 2019 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	August 2019 to February 2023

Mr. CHEN has over 13 years of senior management experience in research and development, and investments in the biomedical industry. Prior to joining our Group, Mr. CHEN served as investment manager, and subsequently as senior investment manager and investment director in Lilly Asia Ventures, the biomedical venture arm of Eli Lilly and Company, a company listed on the NYSE (stock code: LLY) which develops and manufactures human pharmaceutical products from April 2009 to September 2011, and as managing partner at Lilly Asia Ventures since its spin off from Eli Lilly and Company as an independent biomedical venture capital firm in September 2011 to the present. Since January 2015, Mr. CHEN has been a Director of Zhejiang Ausun Pharmaceutical Co., Ltd. (stock code: 603229), a company listed on the Shanghai Stock Exchange.

Mr. CHEN received his bachelor of science degree in biology in July 2002, and his degree of doctor of philosophy in medical molecular genetics in June 2008, both at Fudan University.

Mr. Jun YANG (楊俊) ("Mr. YANG"), aged 44, was appointed as a non-executive Director of the Company on August 12, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of our Group, and supervising the management of our Board. In addition, Mr. YANG holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	August 2020 to present
Marvel Finder	Director	August 2020 to present
Achieva HK	Director	August 2020 to present
Peijia Suzhou	Director	September 2020 to present
Peijia Shanghai	Director	September 2020 to present
Achieva Shanghai	Director	September 2020 to present
Achieva Suzhou	Director	September 2020 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	September 2020 to February 2023

Mr. YANG is currently serving as the managing partner of Tianjin Yuanyi Yongxuan Enterprise Management Center (Limited Partnership) and general manager of Grand Flight Investment Management Co., Ltd.. Mr. YANG has been appointed a director of Baixing Co., Ltd., a company listed on the NEEQ (stock code: 836012) on September 2018, under a 3-year-term of service. From September 2011 to May 2016, Mr. YANG served as the deputy general manager of direct investment department of Far East Horizon Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3360). From April 2009 to August 2011, Mr. YANG had served as the joint Execute Director at SC LOWY. From December 2007 to April 2009, Mr. YANG served as a senior associate in Deutsche Bank's Strategic Investment Group in Hong Kong.

Mr. YANG graduated from Nanyang Technological University with a bachelor's degree in electrical engineering in July 2004. Mr. YANG obtained his master's degree in business administration from Institut Europééend' Administration des Affaires (INSEAD) in December 2007.

DIRECTORS (CONT'D)

Independent Non-executive Directors

Dr. Stephen Newman OESTERLE ("Dr. OESTERLE"), aged 74, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Dr. OESTERLE currently holds several senior management and advisory positions. Since 2015 to the present, he has served an advisor at EQT Partners, and corporate advisor at Temasek Holdings Private Limited. From 2016 to 2023 he served as an independent non-executive Director at Sigilon Therapeutics, Inc., a company that engages in developing therapies to treat chronic diseases and was listed on NASDAQ (stock code: SGTX) from November 2020. Sigilon was acquired by Eli Lilly in 2023. Since 2017 to the present, he has served on the Board of Directors at each of Baxter International Inc., a Fortune 500 company listed on NASDAQ (stock code: BAX) that engages in the healthcare business, and Alcyone Lifesciences, Inc. a company that engages in developing technologies for the treatment of central nervous system disorders. Since January 2021 to present, Dr. OESTERLE has served as a venture partner at Cathay Capital. Since January 2023, he has served as a strategic advisor to the JP Morgan Life Sciences Capital Fund. Since October 2020 to 2021, he served as an independent Director at Montes Archimedes Acquisition Corp, a company listed on NASDAQ (stock code: MAAC). Since August 2020, he also has served on the board of directors at each of SHL Medical AG, a world-leading provider of drug delivery solutions in Switzerland, and from January 2020 to present on Paragon 28, Inc., an orthopedic company in Colorado, United States, listed on the NYSE (stock code: FNA). From 2022 to present, he has served as an independent director at CeramTec, a private company based in Germany that engages in ceramic medical products. From 2015 to 2020, Dr. OESTERLE served as a venture partner at New Enterprise Associates. Since 2023 he has served as a senior advisor to Novo Holdings (Denmark) and Patient Square Capital, a healthcare private equity firm in Menlo Park California. From February 2018 to March 2019, Dr. OESTERLE served as a director at REVA Medical, Inc., a medical device company listed on the Australian Securities Exchange (stock code: RVA) which engages in the development of bioresorbable polymers for vascular applications. From 2002 to 2015, he served as the senior vice president for medicine and technology at Medtronic plc, a company listed on the NYSE (stock code: MDT), where he was responsible for formulating technological strategies. From 1998 to 2002, Dr. OESTERLE was an associate professor of medicine, director of invasive cardiology services at Harvard Medical School. From 1992 to 1998, he served as an associate professor of medicine, director of interventional cardiology at Stanford University's School of Medicine. From 1991 to 1992, he served as an associate professor of medicine, director of interventional cardiology at Georgetown University.

Dr. OESTERLE received his bachelor of arts degree from Harvard University, graduating summa cum laude in 1973, and his degree of doctor of medicine from Yale University in 1977. During 1977 to 1980, he was a post-doctoral fellow at Harvard Medical School — Massachusetts General Hospital. From 1981 to 1983, he was a post-doctoral fellow at Stanford University School of Medicine.

Mr. Robert Ralph PARKS ("Mr. PARKS"), aged 80, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Mr. PARKS has extensive experience in senior management in the financial services sector. From 1981 to 1994, he was a general partner (and limited partner until 1997) of the investment banking division of Goldman Sachs & Co.. From 1997 to 2000, he was the General Partner of the Beacon Group, a boutique investment bank specializing in private equity investing and merger and acquisition advisory services, which was later acquired by JPMorgan Chase. From 2001 to 2006, Mr. PARKS was the executive chairman of the Asia Pacific region of JPMorgan Chase, and was responsible for all operations and functions in Asia Pacific region. From 2007 to 2012, he was the Asia chairman of Oaktree Capital Management, in which he was subsequently appointed as co-portfolio manager of the Asia Pacific Opportunities Fund. From 2014 to 2019, Mr. PARKS was an independent non-executive director of Ambow Education Holding Ltd., a company listed on the New York Stock Exchange (stock code: AMBO), a provider of education and training services in China.

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

From February 2010 to April 2014, Mr. PARKS had served as an independent non-executive Director at Siam Commercial Bank (a company listed on the Stock Exchange of Thailand (stock code: SCB)). From June 2015 to September 2018, he served as an independent non-executive Director at AAG Energy Holdings, a company listed on the Stock Exchange (stock code: 2686). From January 2017 to December 2020, he served as the Chairman of Paradigm Advisors Holdings Limited. He has also served as a senior advisor to Ascendent Capital Partners, a private equity fund focused on investment in China.

Mr. PARKS received his bachelor's degree in history from Rice University in 1966, and his degree of master of business administration from Columbia University Graduate School of Business in 1970.

Mr. Wai Ming YIP (葉偉明) ("Mr. YIP"), aged 59, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Mr. YIP has many years of experience in financial accounting, capital markets and corporate finance in Hong Kong and China. From 1987 to 1996, he worked in the audit department of Ernst & Young, and immediately prior to his departure, he served as a senior manager. From 1996 to 1998, he was the associate director at the merchant banking division of ING Bank N.V. (the former subsequently merged with ING Barings, and was acquired by Macquarie Group). From 1999 to 2001, Mr. YIP served as the chief financial officer at Tafu International Holdings Limited (now known as Lamtex Holdings Limited), a company principally engaged in securities trading and property investment, and listed on the Stock Exchange (stock code: 1041). From 2001 to 2003, Mr. YIP served as the vice president at Hi Sun Technology (China) Limited, a provider of information technology services, and listed on the Stock Exchange (stock code: 0818). From 2004 to 2009, Mr. YIP served as chief financial officer at Haier Electronics Group Co., Ltd., a provider of home appliances in China, and listed on the Stock Exchange (stock code: 1169). From 2009 to 2015, Mr. YIP served as an independent non-executive director at BBMG Corporation, a company engaged in the cement and property development business, and listed on the Stock Exchange (stock code: 2009) and Shanghai Stock Exchange (stock code: 601992). From 2013 to 2022, Mr. YIP served as an independent non-executive Director at Ploy Culture Group Corporation Limited, a company engaged in auction of art works and management of theaters and cinemas, and listed on the Stock Exchange (stock code: 3636). From 2014 to 2024, Mr. YIP served as an independent non-executive Director at Yida China Holdings Limited, a company engaged in the Development and management of business parks and related residential and business properties, and listed on the Stock Exchange (stock code: 3639). Mr. YIP also served as deputy general manager of Yuzhou Properties Company Limited, a company listed on the Stock Exchange (stock code: 1628), between February and September 2010.

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

In addition, he currently holds directorships in the following listed companies, as independent non-executive Director, his responsibilities include providing independent advice, as well as reviewing and supervising the financial reporting process and internal control system of these companies:

Name of entity	Principal business	Place of listing and stock code	Position and duration of office
Ju Teng International Holdings Limited	Manufacturing of notebook computer casings	Stock Exchange (stock code: 3336)	Independent non-executive Director from May 2006 to present
PAX Global Technology Limited	Development and sale of POS products and related services	Stock Exchange (stock code: 327)	Independent non-executive Director from December 2010 to present
Far East Horizon Limited	Finance lease services	Stock Exchange (stock code: 3360)	Independent non-executive Director from March 2011 to present
Huobi Technology Holdings Limited	Power related electrical/ electronic products business and technology solution business	Stock Exchange (stock code: 1611)	Independent non-executive Director from October 2018 to present

Notwithstanding Mr. YIP's engagement as an independent non-executive Director of five companies listed on the Stock Exchange, Mr. YIP confirmed that he would devote sufficient time to act as our independent non-executive Director based on the following:

- Mr. YIP is neither a full time member of the above-named companies nor involved in the day-to-day operations or management of such companies. As such, he has no executive and management responsibility therein;

- Mr. YIP is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of the above-named listed companies. He has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings for such listed companies during the respective latest financial period since his appointment date;

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

- with his background and experience, Mr. YIP is fully aware of the responsibilities and expected time involvement for an independent non-executive Director. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company;

- none of the above-named listed companies that he has a directorship with has questioned or complained about his time devoted to such companies; and

- Mr. YIP's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, thus his engagement as our independent non-executive Director will not require his full-time participation.

Mr. YIP received his bachelor's degree in social science from University of Hong Kong in 1987. He subsequently received his bachelor of laws from University of London in 2001. Mr. YIP has been a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) since 1996, a fellow of the Chartered Association of Certified Accountants (ACCA) since 1995, and a member of China Institute of Certified Public Accountants (CICPA) since 1996.

Mr. Huacheng WEI ("Mr. WEI"), aged 65, was appointed as an independent non-executive Director of the Company on September 20, 2021. He graduated from Central South Institute of Mining and Metallurgy with a bachelor's degree in metallurgical machinery in 1982. Mr. Wei obtained his master's degree in business administration from Tsinghua University in 1999 and his doctoral degree in management from Huazhong University of Science and Technology in 2004. Mr. Wei has considerable experience in medical industry as he served as the Party Secretary and the chairman of Beijing Pharmaceutical Group Company Limited, the Party Secretary and the chairman of Beijing Double-Crane Pharmaceuticals Co., Ltd. (now known as CR Double-Crane Pharmaceuticals Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: SHA 600062)), the chairman of the supervisory committee of Beijing Wandong Medical Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: SHA 600055)), and the deputy general manager of China Resources Pharmaceutical Group Limited.

He has subsequently been a standing committee member of the Party Committee of Beijing Automotive Group Co., Ltd. since February 2013, and he served as the vice chairman of Beijing Automotive Group Co., Ltd. from February 2013 to April 2021. From June 2006 to June 2012, he served as the chairman of the supervisory committee of Beijing Wandong Medical Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: SHA 600055)). He has been an adjunct professor of Huazhong University of Science and Technology (華中科技大學) since 2005 and a visiting professor of Renmin University of China (中國人民大學) since 2008.

SENIOR MANAGEMENT

Yi ZHANG (張一) is the Chief Executive Officer of our Company. Please refer to "Directors" section above for his biographical details.

Hong YE (葉紅), is the Board Secretary of our Company. Please refer to "Directors" section above for her biographical details.

Leo TSAI (蔡洌), aged 45, has been serving as the Chief Financial Officer of our Company since April 2019. In this capacity, Mr. Tsai is primarily responsible for overseeing the overall financial management and corporate development of our Group. Prior to joining our Group, Mr. Tsai has broad experience in managerial positions in the investment banking sector. He was a director at Huatai Financial Holdings (Hong Kong) Limited from October 2016 to January 2019, a vice president at Barclays Capital Asia Limited from December 2015 to July 2016, and a vice president at ICBC International Capital Limited from June 2013 to October 2015. Mr. Tsai was appointed as an independent non-executive director of Tian Tu Capital Co., Ltd. (stock code: 1973) in April 2022. He received his bachelor's degree from National Taiwan University in June 2003, and his degree of master of business administration from Cornell University's Samuel Curtis Johnson Graduate School of Management in May 2011.

Kongrong Karl PAN (潘孔榮), aged 66, is the Chief Operating Officer of our Company and has been serving as the Chief Operating Officer of Peijia Suzhou since January 2017. Prior to joining our Group, he worked as the engineering manager at St. Jude Medical Supplies Co., Ltd. from January 1997 to September 2009, in which he was responsible for managing the development and manufacture of medical devices. From October 2009 to December 2015, Mr. Pan became the senior vice president of supply chain at Shanghai Microport Medical (Group) Co., Ltd, in which he was responsible for developing, manufacturing and marketing medical devices in China with a focus on minimally invasive interventional products for the treatment of vascular diseases and lesions. He received his bachelor's degree in aircraft design from Beijing Institute of Aeronautics and Astronautics in October 1982, and master's degree in mechanical engineering from Shanghai University of Technology (now known as Shanghai University) in March 1986. Subsequently, he received his master's degree in mechanical engineering in March 1992, and master's degree in management of technology in December 2002 from Carlson School of Management, both at the University of Minnesota.

SENIOR MANAGEMENT (CONT'D)

Jian Fong TAN (陳劍鋒), aged 50, is the Chief Technology Officer of our Company. He served as the engineering director and subsequently vice president of manufacturing at Achieva Shanghai from July 2006 to June 2012. Prior to joining our Group, Dr. Tan was the operation director at Bioridge Consulting from July 2016 to June 2019, in which he was primarily responsible for the development of medical devices. Dr. Tan had also served as assistant vice president of biomedical sciences division at Exploit Technologies Pte Ltd. (ETPL) (now known as A*ccelerate), the commercialization arm of Agency for Science, Technology and Research (A*STAR), and director of new technologies at Biosensors Interventional Technologies Pte Ltd. from February 2013 to February 2015. He received his bachelor of science degree in applied science (materials engineering) from Nanyang Technological University, Singapore in July 1999, a master's degree followed by a degree of doctor of philosophy in the molecular engineering of biological and chemical systems programme at Singapore-MIT Alliance for Research and Technology in November 2006.

Ping HU (胡平), aged 53, is the Assistant to Chairman in our Company, and has been serving in this capacity since May 2020. Prior to joining our Company, Mr. Hu worked as the deputy General Manager of Otsuka (China) Investment Co., Ltd. from January 2015 to April 2020. From June 2011 to December 2014, he served as the deputy General Manager of Shanghai Pudong Xinxing Niushida Venture Capital Co., Ltd. From June 2008 to June 2011, he was the Human Resource Director of MicroPort Medical Group. From June 2003 to June 2008, he served as the Human Resource Director and a Supervisor in Shanghai Zhang jiang Hi-Tech Park Development Co., Ltd. From October 1999 to June 2003, he was a Staff Member in the Organization Department of Pudong New Area in Shanghai. Mr. Hu graduated from Jilin University of Technology with a bachelor of engineering degree in 1994 and received a master of engineering degree from Shanghai Jiaotong University in 1999.

Xin ZHANG (張昕), aged 51, served as the Vice President of Business Development of our Company since April, 2021. Prior to joining our Company, from December 2017 to December 2020, Dr. Xin ZHANG worked as a general manager of medical device at Shenzhen Salubris Pharmaceuticals Co., Ltd. (002294). From May 2016 to November 2017, he served as a co-founder at Jarvis Medical Technology Co., Ltd. in Hangzhou. Dr. Xin ZHANG was a marketing director at Smith&Nephew Inc. in Andover, U.S. between March 2015 and May 2016. From March 2013 to December 2014, he served as marketing director at Boston Scientific Corporation (BSX) Cardiac Rhythm Management (CRM) in Shanghai. From June 2011 to March 2013, Dr. Xin ZHANG worked as a senior marketing manager at Medtronic (MDT) Spinal & Biologics in Memphis, U.S.. From August 2005 to May 2009, he served as a senior scientist at Medtronic (MDT) Cardiac Rhythm Disease Management (CRDM) in Minneapolis, U.S.. From September 1992 to June 1999, Dr. Xin ZHANG obtained his bachelor and master degree in biomedical engineering at Zhejiang University. He subsequently received his degree of doctor (PhD) of biomedical engineering at the University of Minnesota Twin Cities in May 2005, and his degree of Master of Business Administration (MBA) in Finance and Healthcare from Wharton Business School, University of Pennsylvania in May 2011.

SENIOR MANAGEMENT (CONT'D)

Hongpeng WANG (王鴻鵬), aged 45, is the Vice President of Marketing of our Company and joined Peijia Suzhou in July 2019. Ms. Wang was a product manager at Cordis of Johnson & Johnson Medical (Shanghai) Co., Ltd. between September 2007 and March 2010. Ms. Wang was a product marketing manager, a senior marketing manager and an automatic external defibrillator (AED) business leader at Philips (China) Investment Co., Ltd during August 2010 to December 2018. Ms. Wang was a marketing manager of Actelion Pharmaceuticals Trading (Shanghai) Co. Ltd., a subsidiary of Actelion Pharmaceuticals Ltd., which is a Swiss-based pharmaceutical company, between December 2018 and June 2019. Ms. Wang received her degree of bachelor of medicine from Shanghai Medical College of Fudan University in June 2003. She also received the degree of executive master of business administrative from Olin Business School of Washington University in St. Louis in July 2021.

Xiaoxiao ZHUANG (莊筱筱), aged 42, is the Vice President of Sales of our Company and joined the Company in April 2020. In this capacity, she is in charge of the strategic management of the sales function of our Group. Prior to joining our Group, from April 2017 to March 2020, Ms. Zhuang served as regional sales manager at BSC Int'l Medical Trading (Shanghai) Co., Ltd.. From January 2015 to April 2017, she had served as district sales manager at Medtronic (Shanghai) Management Co., Ltd.. Ms. Zhuang was a district sales manager at Abbott Laboratories Trading (Shanghai) Co., Ltd. between March 2010 and January 2015. From July 2008 to March 2010, she served as a product specialist at Johnson & Johnson Medical (Shanghai) Ltd.. Ms. Zhuang received her bachelor's degree in biology from Szechuan University in July 2005. She received her master's degree in biotechnology and medicine from Shanghai Institutes for Biological Sciences in July 2008.

Chen WANG (王晨), aged 50, is the General Manager of Achieva and has been serving as the Chief Executive Officer of Achieva Shanghai since June 2016. Prior to such role, Ms. Wang held positions in Achieva Shanghai as sales director, intercontinental marketing director, and Vice President of Sales & Marketing from December 2010 to May 2016. In these capacities, her responsibilities primarily included sales and marketing to both domestic and overseas markets. Prior to joining our Group, Ms. Wang held various managerial positions, including as a senior district sales manager in Johnson & Johnson Medical (Shanghai) Ltd. from July 2006 to March 2010. She received her bachelor degree in science specializing in international trade from China Textile University (now known as Donghua University) in July 1998, and her degree of master of business administration from University of California, Berkeley, in May 2005.

COMPANY SECRETARY

Ms. Hing Ling CHAU (周慶齡), was appointed as the company secretary of our Company on June 17, 2022. Ms. Chau is currently an Executive Director of corporate services of Vistra Corporate Services (HK) Limited. She has over twenty years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

Ms. CHAU obtained a master of laws majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of The Hong Kong Chartered Governance Institute and a fellow member of The Chartered Governance Institute in United Kingdom since May 2013.

CHANGES IN DIRECTORS' INFORMATION

The changes in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 30 June 2024 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of Changes
Dr. Yi ZHANG	• Appointed as a director of SmartWave Limited from March 2024; • Appointed as a director of SmartWave (BVI) Limited from April 2024; • Appointed as a director of SmartWave Medical HK Limited from April 2024; and • Appointed as a director and a legal representative of SmartWave Medical from June 2024.
Dr. Zhiyun YU	Resigned as a Non-executive Director of the Company on November 1, 2024 in order to devote more time to his other work commitment.
Mr. Wai Ming YIP	Resigned as an independent non-executive Director at Yida China Holdings Limited which shares are listed on the Stock Exchange (stock code: 3639) in June 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

DIRECTORS

The Directors who held office during the year ended December 31, 2024 and up to the date of this annual report are:

Executive Directors:

Dr. Yi ZHANG *(Chairman and Chief Executive Officer)*
Mrs. Ping Ye ZHANG
Ms. Hong YE

Non-executive Directors:

Dr. Zhiyun YU (resigned on November 1, 2024)
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

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 38 to 52 of this annual report.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on May 30, 2012 as an exempted company with limited liability. The Company's ordinary shares (the "**Shares**") were listed on the Main Board of the Stock Exchange on May 15, 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company's subsidiaries were involved in research and development of medical devices.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic and neurointerventional procedural medical devices in the People's Republic of China (the "**PRC**") and other countries.

The activities and particulars of the Company's principal subsidiaries are shown under Note 34 to the consolidated financial statements. An analysis of the Group's revenue and net results for the year ended December 31, 2024 by principal activities of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Subsequent Events After The Reporting Period" under "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to operate its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations.

The Group is subject to environmental protection and occupational health and safety laws and regulations in China. The Group aims to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. The Group has implemented company-wide environmental, health and safety (EHS) policies and operating procedures relating to waste treatment, process safety management, worker health and safety requirements and emergency planning and response. To further ensure the compliance with applicable environmental protection and health and safety laws and regulations, the Group (i) has established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes to ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes; (ii) inspect equipment and facilities regularly to identify and eliminate safety hazards; (iii) provide regular safety awareness training to employees; (iv) keep health records for all employees and conduct health examinations before, during and after their time at the company, especially for employees engaged in work involving occupational hazards; and (v) conduct regular fire safety inspections, maintenance of fire-fighting equipment and regular emergency drills.

All of the Group's properties, plants and equipment meet the standards required for compliance with applicable environmental rules and regulations, and the Group believes it has maintained a good relationship with the communities surrounding the Group's production facilities.

To the best knowledge of the Group, during the year ended December 31, 2024, the Group has complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the Reporting Period.

Further details of the Company's environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2024, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

RETIREMENT BENEFITS SCHEME

The Group has one employee who participates in the Mandatory Provident Fund in Hong Kong. The employees of the Group in the PRC are members of the state-managed pension scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the specified contributions under the scheme.

Details of the pension obligations of the Company are set out in Note 13 to the consolidated financial statements in this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTION

Details of the related party transactions of the Group for the year ended December 31, 2024 are set out in Note 32 to the consolidated financial statements contained herein.

None of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

During the year ended December 31, 2024, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the revenue amounts from the Group's five largest customers accounted for 77.7% (2023: 54.2%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 21.2% (2023: 21.7%) of the Group's total revenue.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 32.4% (2023: 24.7%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended December 31, 2024 accounted for approximately 18.0% (2023: 13.1%) of the Group's total purchase amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

During the year ended December 31, 2024, the Group did not experience any significant disputes with its customers or suppliers.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including suppliers, employees, Shareholders and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We conduct new employee training, as well as professional and compliance training programs for employees. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees usually includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual and interim reports and results announcements.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

Risks relating to our financial position and need for additional capital

- We have incurred significant operating losses since our inception, and may continue to incur operating losses for the foreseeable future. You may lose substantially all your investments in us given the high risks involved in the medical device business.

- We had net cash outflows from our operating activities in the past and may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development of our product candidates and the commercialization of our approved products.

Risks Relating to the Development of Our Product Candidates

- Our future growth depends substantially on the successful development of our product candidates to commercialization.
- Clinical product development involves a lengthy and expensive process with an uncertain outcome.
- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.
- The initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments.
- We may not be able to develop new products that are competitive in the market, or in a timely manner or at all.

Risks Relating to the Commercialization of Our Products

- If physicians and hospitals are not receptive to our products, our results of operations may be negatively affected.
- Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations.
- If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.
- Our current revenue is generated from sales of first- and second-generation TAVR systems and neurointerventional procedural medical devices.

Risks Relating to Extensive Government Regulations

- The regulatory approval processes are lengthy, time-consuming and inherently unpredictable.
- We may not be able to maintain or renew all the permits, licenses and certificates required for our production.
- We may not be able to comply with ongoing regulatory obligations which may result in withdrawal of approvals for our products.

Risks Relating to Manufacture and Supply of Our Products

- The manufacture of our products is highly complex and subject to strict quality controls. Our business could suffer if our products and product candidates are not produced in compliance with all the applicable quality standards.

- We mainly rely on our production facilities in Suzhou and Shanghai for the manufacturing of our products and product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business, financial condition and results of operations.

- We may be exposed to potential product liability claims and product recalls, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

Risks Relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

- Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Risks Relating to Our Operations

- We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.

- Acquisitions or strategic partnerships may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

- We have historically received government grants and subsidies for our research and development activities and we may not receive such grants or subsidies in the future.

Risks Relating to Doing Business in China

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

- The discontinuation of any preferential tax treatment currently available to us could adversely affect our results of operations, cash flow and prospects.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 245 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the Acts of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 34 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 and details of the Shares issued during the year ended December 31, 2024 are set out in Note 26 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATION

During the year ended December 31, 2024, the Group made charitable donations of approximately RMB2,408,774 (2023: approximately RMB3,805,467).

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2024 (2023: Nil).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2024 (2023: Nil).

RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended December 31, 2024 are set out on pages 164 to 244 of this annual report.

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2024.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Details of the movements in the reserves of the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity and Note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

During the year ended December 31, 2024, the Company did not have any distributable reserves.

BORROWINGS

Particulars of bank borrowings of the Group as at December 31, 2024 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 23 to the consolidated financial statements.

CONVERTIBLE BONDS

As at the date of this annual report, the Company has not issued any convertible bonds.

DIRECTORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company and has renewed a service contract for a term of three years commencing from May 15, 2023. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT (CONT'D)

Each of the other non-executive Directors, has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from May 15, 2023. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

Each of the independent non-executive Directors, has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from May 15, 2023, except for Mr. Huacheng WEI, who has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from September 20, 2024. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

None of the Directors proposed has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except as disclosed in Note 20 and Note 32 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting nor has entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation) during or at the end of the year ended December 31, 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2024, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

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

As at December 31, 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. Yi ZHANG	Beneficial owner (3)	9,890,440	1.48%
	Trustee (4)	32,917,560	4.92%
	Interest of controlled corporation (5)	90,685,640	13.57%
	Interest held jointly with other persons (6)	19,342,299	2.89%
	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	4.92%
	Interest held jointly with other persons (6)	110,027,939	16.46%
	Interest of spouse (7)	9,890,440	1.48%
Ms. Hong YE	Beneficial owner (8)	19,342,299	2.89%
	Interest of controlled corporation (5)	90,685,640	13.57%
	Interest held jointly with other persons (6)	43,829,500	6.56%
Mr. Fei CHEN	Interest of controlled corporation (9)	19,952,740	2.98%
Dr. Stephen Newman OESTERLE	Beneficial owner (10)	485,721	0.07%
Mr. Robert Ralph PARKS	Beneficial owner (11)	488,556	0.07%

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; (P) denotes lending pool.

(2) The calculation is based on the total number of 668,517,808 ordinary shares of the Company in issue as at December 31, 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 December 31, 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 19,342,299 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 at December 31, 2024, a total of 485,721 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 at December 31, 2024, a total of 488,556 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.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 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 at December 31, 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	2.35%
	Interest held jointly with other persons [(5)]	138,143,879	20.66%
Hanlindale Trust [(3)]	Beneficial owner	17,094,000	2.56%
	Interest held jointly with other persons [(5)]	136,763,439	20.46%
XinYue International Limited [(4)]	Beneficial owner	90,685,640	13.57%
	Interest held jointly with other persons [(5)]	63,171,799	9.45%
LAV Aero Limited	Beneficial owner	42,428,460	6.35%
LAV Biosciences Fund IV, L.P.	Interest of controlled corporation [(6)]	42,428,460	6.35%
LAV GP IV, L.P.	Interest of controlled corporation [(6)]	42,428,460	6.35%
LAV Corporate IV GP, Ltd.	Interest of controlled corporation [(6)]	42,428,460	6.35%
LAV Asset Management (Hong Kong) Limited	Investment manager	47,906,460	7.17%
Mr. Yi SHI	Interest of controlled corporation [(6)]	46,845,460	7.01%
HH SUM-XXIV Holdings Limited	Beneficial owner	40,738,980	6.09%
Hillhouse Investment Management, Ltd.	Investment manager [(7)]	40,738,980	6.09%
Hillhouse Fund IV, L.P.	Interest of controlled corporation [(7)]	40,738,980	6.09%
Matrix Partners China IV, L.P.	Beneficial owner	33,519,580	5.01%
Matrix China Management IV, L.P.	Interest of controlled corporation [(8)]	32,682,320	4.89%
Matrix China IV GP GP, Ltd.	Interest of controlled corporation [(8)]	32,682,320	4.89%
FIL Limited	Interest of controlled corporation [(9)]	37,916,000	5.67%
Pandanus Partners L.P.	Interest of controlled corporation [(9)]	37,916,000	5.67%
Pandanus Associates Inc.	Interest of controlled corporation [(9)]	37,916,000	5.67%
Brown Brothers Harriman & Co.	Agent	33,821,000	5.06%
		33,821,000(P)	5.06%(P)

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 668,517,808 ordinary shares of the Company in issue as at December 31, 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. 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, Hillhouse Investment Management, Ltd. owns HH SUM-XXIV Holdings Limited. Therefore, under the SFO, Hillhouse Investment Management, Ltd. is deemed to be interested in 40,738,980 Shares held by HH SUM-XXIV Holdings Limited.

(8) 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 39,711,580 Shares held by Matrix Partners China IV, L.P. and 2,970,740 Shares held by Matrix Partners China IV-A, L.P..

(9) To the best of the Directors' knowledge, FIL Limited through various subsidiaries holding an aggregate 37,916,000 Shares. In additional, Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc., and FIL Limited is owned as to 41% 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 37,916,000 Shares held by the subsidiaries of FIL Limited.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2024, no person (other than the Directors or chief executives of the Company) 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, the maximum number of Shares in respect of which options or awards may be granted under the Share Option Plan was 2,911,989 Shares (or 58,239,780 as adjusted after Capitalization Issue), representing approximately 8.57% of the issued shares as at the date of this report.

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.

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)

9) (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 (a) and (b) 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.

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 December 31, 2024, outstanding options to subscribe for an aggregate of 33,035,771 Shares have been granted to a total of 111 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 annual report is 33,035,771, which represents 4.94% of the issued Shares (excluding treasury shares) as of the date of this annual report. The Share Option Plan will expire on December 26, 2029, and the remaining life of the Share Option Plan is approximately 4.5 years as at the date of this annual 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 January 1, 2024	Granted during the year	Exercised during the year	Lapsed during the year	As at December 31, 2024	Weighted average closing price of Shares immediately before the options were exercised (HK$)	Note(s)
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
Chief Management								
Leo TSAI	Chief Financial Officer	7,944,340	0	0	0	7,944,340	—	7, 9, 10
Kongrong Karl PAN	Chief Operating Officer	2,225,000	0	0	0	2,225,000	—	11
Jian Fong TAN	Chief Technology Officer	4,467,540	0	0	0	4,467,540	—	7, 12
Other Grantees								
Other option holders including former and current employees and consultants of the Group	Not applicable	8,181,442	0	0	130,610	8,050,832	—	13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26
		33,166,381	0	0	130,610	33,035,771		

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 the Global 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 the Global Offering 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 the Global Offering 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 the Global 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).

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 participants, with vesting commencement date on April 30, 2010 and on October 25, 2018 and exercisable 12 months after a qualified IPO is achieved (which the Global 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 the Global 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 29 to the consolidated financial statements for further details.

As of December 31, 2024, no other options have been granted or agreed to be granted by our Company under the Share Option Plan.

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 six years as of the date of this annual 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 "Report of Directors — 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 Annual 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.

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 (excluding treasury shares) as of December 31, 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.

In 2024, the summary of the Awards granted to Directors and service providers under the RSU Scheme as of December 31, 2024 are as follows:

						Number of RSUs				
Participant	Date of grant	Number of RSU granted	Vesting period	Closing price of Shares immediately before the date of grant (HK$)	Value of award as at the date of grant[7]	As of January 1, 2024	Vested during the Reporting Period	Cancelled or Lapsed during the Reporting Period[4]	Granted but not vested balance as at December 31, 2024	Weighted average closing price of Shares immediately before the RSUs were vested (HK$)
Directors										
Robert Ralph PARKS	October 30, 2020	2,835	(1)	24.65	US$12,842	–	–	–	–	3.06
	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	6,351	–	6,351	
	December 31, 2022	20,020	(1)	9.56	US$25,000	8,008	4,004	–	4,004	
	April 1, 2023	19,907	(1)	9.83	US$25,000	11,943	3,981	–	7,962	
	June 30, 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	5,484	–	10,968	
	December 31, 2023	26,440	(1)	7.39	US$25,000	15,864	5,288	–	10,576	
	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	
	September 30, 2024	53,077	(1)	3.42	US$25,000	–	21,232	–	31,845	
	December 31, 2024	48,760	(1)	4.06	US$25,000	–	19,504	–	29,256	

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$)	Value of award as at the date of grant[7]	Number of RSUs: As of January 1, 2024	Number of RSUs: Vested during the Reporting Period	Number of RSUs: Cancelled or Lapsed during the Reporting Period[4]	Number of RSUs: Granted but not vested balance as at December 31, 2024	Weighted average closing price of Shares immediately before the RSUs were vested (HK$)
Stephen Newman OESTERLE	September 30, 2020	7,056	(1)	26.85	US$25,000	—	—	—	—	3.06
	June 30, 2020	2,835	(3)	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	6,351	—	6,351	
	December 31, 2022	20,020	(1)	9.56	US$25,000	8,008	4,004	—	4,004	
	April 1, 2023	19,907	(1)	9.83	US$25,000	11,943	3,981	—	7,962	
	June 30, 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	5,484	—	10,968	
	December 31, 2023	26,440	(1)	7.39	US$25,000	15,864	5,288	—	10,576	
	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	
	September 30, 2024	53,077	(1)	3.42	US$25,000	—	21,232	—	31,845	
	December 31, 2024	48,760	(1)	4.06	US$25,000	—	19,504	—	29,256	
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]	35,130	—	35,130[6]	
	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	—	—	—	—	

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (CONT'D)

(h) General and Maximum Limit (CONT'D)

Notes:

1. 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.

2. The Award vests immediately upon grant. The RSUs are granted with the purchase price of zero.

3. The Award vests immediately upon grant. The RSUs are granted with the purchase price of zero.

4. No RSUs granted to Directors or service providers were cancelled or lapsed during the Reporting Period.

5. 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, Peijia Suzhou, and the consultant, the RSUs held by the consultant continue to remain valid.

6. Number of RSUs under the award as of January 1, 2024 and December 31, 2024 are indicative only, and are based on the exchange rate of HK$1:RMB0.89327 and the closing price of the Shares on December 31, 2022, being HK$9.56 per Share. 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.

7. 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.

8. No service providers were granted RSUs in any 12-month period exceeding 0.1% of the issued Shares.

9. 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 Share. 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 RSUs are granted with the purchase price of zero.

10. 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. The RSUs are granted with the purchase price of zero.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (CONT'D)

(h) General and Maximum Limit (CONT'D)

The summary of the Awards granted to employees (excluding Directors) under the RSU Scheme as of December 31, 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 December 31, 2024[4]	Monetary value of the unvested Award as of December 31, 2024 (RMB)
Employees (excluding Directors)[5]									
October 12, 2020	2,000,000	(7)	28	117,101	1,000,000	111,262	–	70,260	600,000
December 21, 2020	7,000,000	(8)	24.4	427,417	3,650,000	461,895	–	234,201	2,000,000
April 1, 2022	3,000,000	(13)	7.1	210,781	1,800,000	167,962	–	140,521	1,200,000
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	–	–	87,825	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	75,318	–	87,825	750,000
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
March 31, 2024	331,907	(11)	3.66	–	–	100,000	–	–	–
Including: top five highest paid employees[5]									
December 21, 2020	7,000,000	(8)	24.4	427,417	3,650,000	461,895	–	234,201	2,000,000
April 1, 2022	3,000,000	(13)	7.1	210,781	1,800,000	167,962	–	140,521	1,200,000

Notes:

1. 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.

2. The RSUs were granted with the purchase price of zero.

3. No RSUs were cancelled during the Reporting Period.

4. The number of RSUs under the award as of January 1, 2024 and December 31, 2024 are indicative only, and are based on the exchange rate of HK$1:RMB0.89327 and the closing price of the Shares on December 31, 2022, being HK$9.56 per Share. 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.

5. The weighted average closing price of Shares immediately before the RSUs were vested during the Reporting Period for employees (excluding Directors) was HK$3.66. 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$19.79.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (CONT'D)

(h) General and Maximum Limit (CONT'D)

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 from April 18, 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 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.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (CONT'D)

(h) General and Maximum Limit (CONT'D)

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.

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 29 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 six years as of the date of this annual 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.

(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:

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(c) Who may join (cont'd)

(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 commenced on the Stock Exchange, such 10% limit represents 61,004,200 (the "**General Scheme Limit**"), but excluding any Shares issued upon the exercise of the Over-allotment Option, which represents approximately 9.13% 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);

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 29 to the consolidated financial statements for further details.

The summary of the options granted under the Share Option Scheme that were still outstanding as of December 31, 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 Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	As of December 31, 2024
195 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	201,287	1,659,893
		2021/12/7	2021/7/1–2026/6/30	2021/12/7–2031/12/6	15.97	312,525	0	0	0	10,186	302,339
		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	490,977	2,900,937
70 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	63,668	1,086,360
		2023/01/19	2023/01/19–2028/01/18	2023/01/19–2033/01/18	11.44	782,332	0	0	0	106,992	675,340
						7,597,979	0	0	0	873,110	6,724,869

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 618,365 share options lapsed due to 29 employees resigning from the Group.

(2) The closing price per Share immediately before the grant date (December 7, 2021) was HK$15.26. The closing price per Share immediately before the grant date (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 27 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 December 31, 2024, assuming that all outstanding options to subscribe for aggregate of 6,724,869 Shares are exercised, the remaining total number of Shares available for issue under the Share Option Scheme is 54,279,331 Shares, representing approximately 8.12% of the issued share capital of the Company (excluding treasury shares) as at the date of this annual report.

As of January 1, 2024, the number of options available for grant under the scheme mandate was 53,406,221. 54,279,331 options were available for grant under the scheme mandate as of December 31, 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) 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.

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 13 to the consolidated financial statements.

For the year ended December 31, 2024, 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 year ended December 31, 2024.

Except as disclosed above, a total of 974,277 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, 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 or any of its subsidiaries during the year ended December 31, 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 year ended December 31, 2024.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

From September 1, 2020, to December 31, 2024, the trustee of the RSU Scheme has purchased an aggregate of 5,859,000 Shares (representing approximately 0.8764% of the total issued share capital of the Company) under the RSU Scheme. Please refer to section headed "Report of Directors — SHARE INCENTIVE SCHEME — 2. RSU Scheme" and Note 27 to the consolidated financial statements for further details.

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. The repurchased shares were cancelled on September 16, 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities or sold any treasury shares (as defined under the Listing Rules) during the Reporting Period. As at December 31, 2024, the Company did not hold any treasury shares.

AUDITOR

The consolidated financial statements of the Group ended December 31, 2024 were audited by Deloitte Touche Tohmatsu who were appointed as the Company's auditor on September 30, 2024 after the retirement of PricewaterhouseCoopers at the conclusion of the Company's annual general meeting on September 30, 2024. Save as disclosed above, there has been no other change of auditor for the preceding three years.

ANNUAL GENERAL MEETING

The 2025 annual general meeting of the Company (the "**AGM**") will be held on May 27, 2025. Notice of the 2025 AGM and all other relevant documents will be published and despatched to Shareholders in due course.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 87 to 106 of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save for those disclosed in this report, 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.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On behalf of the Board
Peijia Medical Limited

Dr. Yi ZHANG
Chairman and Executive Director

Hong Kong, March 25, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2024.

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 of the Company 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 research and development of the 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 the 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.

Under Listing Rules 13.49(1), 13.46(2)(a) and 13.46(2)(b), issuers are required to publish its preliminary results and annual report, and lay its annual financial statements before its members at its annual general meeting within a prescribed time frame. On March 28, 2024, the Company published the unaudited consolidated final results of the Company for the year ended December 31, 2023 which had not been agreed by the Company's then auditors, PricewaterhouseCoopers ("**PwC**"). The reason was the Company was still in the process of discussing with PwC on the valuation of certain financial asset with an initial investment cost of HK$80 million, which was pending for further supporting documents. As a result, the Company was unable to publish the annual report for the 2023 financial year in accordance with Listing Rules 13.29(1) and 13.49(2).

Subsequently, the Company published the annual results on June 16, 2024 which was around 2.5 months after the publication deadline under Rule 13.49(1), the annual report on June 21, 2024 which was around 1.5 months after the publication deadline under Rule 13.46(2)(a); and held the annual general meeting on September 30, 2024 to approve the annual report, which was around 3 months after the prescribed deadline under Rule 13.46(2)(b). Due to the above delay, the trading in the Company's shares was suspended since April 2, 2024 and was resumed on June 17, 2024.

The Company has taken multiple measures to prevent the future occurrence of similar incidents:

(i) in respect of the investment, to proactively engage with its investment manager in advance to ensure timely access to the necessary financial information for its reporting process; and

CORPORATE GOVERNANCE PRACTICES (CONT'D)

(ii) in respect of all other investments, (a) established a written policy on post-investment management to regularly check with the investee companies in order to proactively identify any irregularities with the Company's investments; (b) clearly delineated the Company's access rights to the investee's financial information and records in future external investment agreements, in particular, to include a contractual clause and require the investee to, on a best endeavor basis, promptly notify the Company if they anticipate that their financial statements contain a qualified, disclaimer or adverse audit opinion; and (c) in the event of an uncooperative investee, will escalate the issue to the board and the Company's legal advisor to explore available enforcement actions to be taken to safeguard the Company's interest.

In the opinion of the Directors, save and except for the above deviation, the Company has complied with the other relevant code provisions contained in the CG Code during the year ended December 31, 2024.

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

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its Purpose, Vision, Mission.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

- Vision: To be a respected global high-tech medical enterprise focusing on patients and holding to its original spirit.
- Mission: Committed to providing the safe, effective and affordable products and solutions, alleviating the suffering of patients and improving patients' quality of life through ongoing innovation.
- Values: Dedication with Passion, Devotion for Life.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognizing circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Audit Committee.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 research and development of the 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 the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals.

In general, the chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the business of the Group. The two roles are performed by Dr. ZHANG distinctly. 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 the 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. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

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.

Upon specific enquiries, all Directors confirmed that they have complied with the Model Code during the year ended December 31, 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended December 31, 2024.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, three non-executive Directors and four independent non-executive Directors.

As at the date of this annual report, the composition of the Board is as followings:

Executive Directors:

Dr. Yi ZHANG *(Chairman and Chief Executive Officer)*
Mrs. Ping Ye ZHANG
Ms. Hong YE

Non-executive Directors:

Dr. Zhiyun YU (resigned on November 1, 2024)
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

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 38 to 52 of this annual report.

Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses, and Dr. ZHANG is the brother-in-law of Ms. Hong YE. Ms. Hong YE is a sibling of Mrs. Ping Ye ZHANG, and the sister-in-law of Dr. ZHANG.

Except as disclosed above, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Save from disclosed above, for the period from the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the appointment of independent non-executive Directors representing at least one-third of the Board. Among the four independent non-executive Directors, Mr. Wai Ming Yip has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

BOARD MEETINGS AND COMMITTEE MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the committee members prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to relevant Board or Board Committee for comments and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Board or committee members and dissenting views expressed. Draft minutes of each Board meeting and committee meeting are sent to the relevant Board or committee members for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

4 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting and 1 Nomination Committee meeting were held during the year ended December 31, 2024. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

BOARD MEETINGS AND COMMITTEE MEETINGS (CONT'D)

A summary of the attendance record of the Directors at Board meetings and committee meetings during the year ended to December 31, 2024 is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the year ended December 31, 2024			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors:				
Dr. Yi ZHANG	4/4	Not Applicable	Not Applicable	1/1
Mrs. Ping Ye ZHANG	4/4	Not Applicable	Not Applicable	Not Applicable
Ms. Hong YE	4/4	Not Applicable	Not Applicable	Not Applicable
Non-executive Directors:				
Dr. Zhiyun YU (Note)	4/4	Not Applicable	1/1	Not Applicable
Mr. Jifeng GUAN	4/4	2/2	Not Applicable	Not Applicable
Mr. Fei CHEN	4/4	Not Applicable	Not Applicable	1/1
Mr. Jun YANG	4/4	Not Applicable	Not Applicable	Not Applicable
Independent Non-executive Directors:				
Dr. Stephen Newman OESTERLE	4/4	Not Applicable	1/1	1/1
Mr. Robert Ralph PARKS	4/4	2/2	1/1	Not Applicable
Mr. Wai Ming YIP	4/4	2/2	Not Applicable	1/1
Mr. Huacheng WEI	4/4	2/2	1/1	1/1

None of the Board or committee meetings were attended by an alternate of the Director.

Note: Dr. Zhiyun YU has resigned as a Non-executive Director on November 1, 2024.

GENERAL MEETING

During the year ended December 31, 2024, a general meeting was held. All Directors attended the general meeting.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

The Company has received written annual confirmation from each independent non-executive Director of their independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their respective identity of the public companies or organizations and the time involved to the issuer, Directors have agreed to disclose, and already disclosed their commitments to the Company in a timely manner.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has renewed a service contract with the Company for a term of three years with effect from May 15, 2023.

Each of the non-executive Directors has renewed a letter of appointment with the Company for an initial term of three years with effect from the May 15, 2023, except Mr. Huacheng WEI, who has renewed a letter of appointment for a term of three years commencing from September 20, 2024.

Each of the independent non-executive Directors has renewed a letter of appointment with the Company for a term of three years with effect from May 15, 2023.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

APPOINTMENT AND RE-ELECTION OF DIRECTORS (CONT'D)

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to article 16.2 or article 16.3 of the Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the annual general meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring and make recommendations to the Board on the appointment, re-election and succession planning of Directors, in particular the chairman of the Board and the chief executive officer of the Company.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively to safeguard in the interests of the Company and its Shareholders. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. Before entering into any significant transactions or commitments on behalf of the Company, senior management of the Group should obtain prior approval and authorization from the Board.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

BOARD COMMITTEES

Audit Committee

The Company has established an Audit Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The written terms of reference of the Audit Committee are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Audit Committee consists of three independent non-executive Directors being Mr. Wai Ming YIP, Mr. Robert Ralph PARKS and Mr. Huacheng WEI, and one non-executive Director, namely Mr. Jifeng GUAN. The chairman of the Audit Committee is Mr. Wai Ming YIP. Mr. Wai Ming YIP holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

During the year ended December 31, 2024, the Audit Committee convened two meetings. The attendance record of the Directors at meetings of the Audit Committee is set out in the table on page 92.

During the meeting(s), the audit committee:

- reviewed the Group's policies on corporate governance and discussed the same with the Board, reviewed the financial reporting system, compliance procedures, internal control and risk management systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions) and associated processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the audit committee on the selection, appointment, resignation or dismissal of external auditor.

- reviewed the annual results of the Company and its subsidiaries for the year ended December 31, 2023 and the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit.

- discussed with the Company's management, and reviewed the unaudited interim financial statement of the Company and its subsidiaries for the six months ended June 30, 2024.

- There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

Remuneration Committee

The Company has established a Remuneration Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The written terms of reference of the Remuneration Committee are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Remuneration Committee consists of three independent non-executive Directors being Mr. Huacheng WEI, Dr. Stephen Newman OESTERLE and Mr. Robert Ralph PARKS. The Remuneration Committee is chaired by Mr. Robert Ralph PARKS.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time; and (iv) reviewing and/or approving matters relating to Share Incentive Schemes.

BOARD COMMITTEES (CONT'D)

Remuneration Committee (cont'd)

During the year ended December 31, 2024, one Remuneration Committee meeting was held. The attendance record of the Directors at meetings of the Remuneration Committee is set out in the table on page 92.

During the Reporting Period, the Remuneration Committee reviewed the remuneration packages of our Directors and senior management, reviewed and approved matters relating to Share Incentive Schemes, and made recommendations on employee benefit arrangements.

Details of the remuneration payable to each Director of the Company for the year ended December 31, 2024 are set out in Note 8 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

Remuneration bands (RMB)	Number of persons
10,000,000–20,000,000	1
1,000,000–10,000,000	8
0–1,000,000	1
Total	10

Nomination Committee

The Company has established a Nomination Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with paragraph B.3 of the CG Code. The written terms of reference of the Nomination Committee are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Nomination Committee consists of three independent non-executive Directors being Dr. Stephen Newman OESTERLE, Mr. Huacheng WEI and Mr. Wai Ming YIP, one executive Director being Dr. ZHANG and one non-executive Director bring Mr. Fei CHEN. The Nomination Committee is chaired by Dr. ZHANG.

The primary duties of the Nomination Committee include, without limitation, (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) developing the criteria, process and procedures for identifying and assessing the qualifications of and evaluating candidates for directorship, including standards for determining Director independence and criteria for the evaluation of Director performance; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to our Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman of the Board and the chief executive of the Company.

During the year ended December 31, 2024, one Nomination Committee meeting was held. The attendance record of the Directors at meetings of the Nomination Committee is set out in the table on page 92.

BOARD COMMITTEES (CONT'D)

Board Diversity Policy

The nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the "**Board Diversity Policy**") which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board Diversity Policy specifies that in the appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, industry and professional experience.

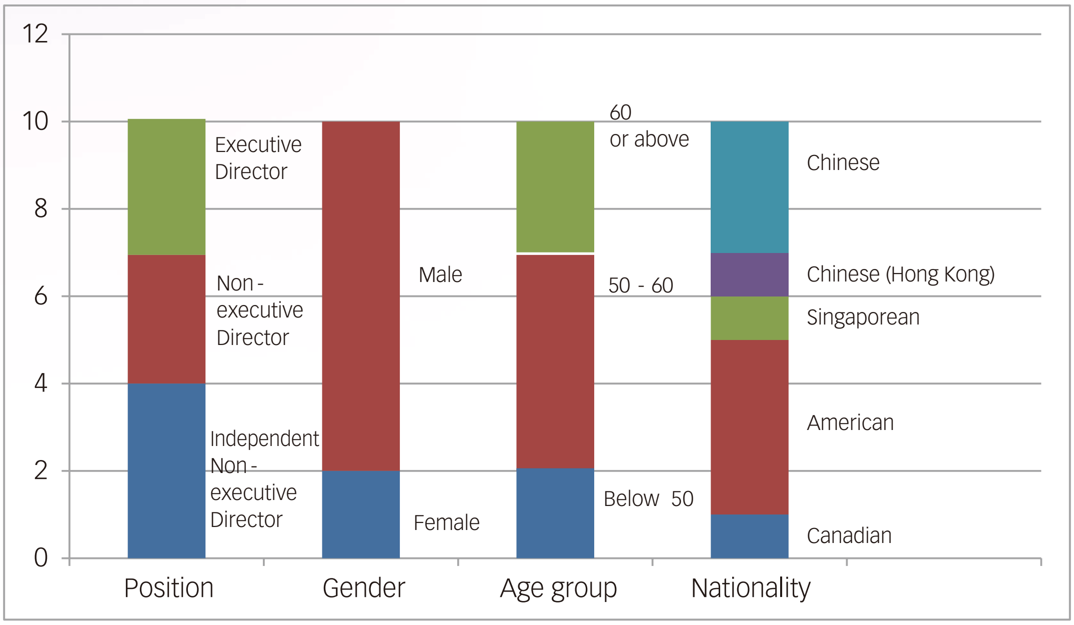
The Nomination Committee is responsible for reviewing the diversity of the Board, and it will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee reviews the implementation of the Board Diversity, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives on an annual basis.

Currently, the Board comprises ten members, including three executive Directors, three non-executive Directors and four independent non-executive Directors. The Board Diversity Policy is well implemented as evidenced by the fact that there are currently two female and eight male Directors ranging from 44 years old to 80 years old with experience from different industries and sectors. Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including business administration, applied physics, biological sciences, English language and literature, and philosophy.

BOARD COMMITTEES (CONT'D)

Board Diversity Policy (cont'd)

As at the date of this annual report, the diversity of the Board is illustrated as below. Further details on the biographies and experience of the Directors are set out on page 38 to 48 of this annual report.



The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation. Taking into account our existing business model and specific needs as well as the different background of our Directors, in the opinion of the Board, the current composition of the Board satisfies our Board Diversity Policy, and the Board and the Nomination Committee will assess the Board composition regularly. We will also continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of December 31, 2024:

	Female		Male	
Board	20.0%	2	80.0%	8
Senior Management	40.0%	4	60.0%	6
Other employees	63.6%	660	36.4%	377

BOARD COMMITTEES (CONT'D)

Gender Diversity (cont'd)

The Company had targeted to achieve and had achieved 20% (2) of female Directors, 40% (4) of female senior management and 63% (651) of female employees of the Group and considers that the above current gender diversity is satisfactory. The Company will continue to maintain gender diversity on the Board and the Nomination Committee will proactively consider the increase in the proportion of female members when selecting and making recommendations on suitable candidates for Board membership. Through the Board Diversity Policy of the Company and the annual assessment by Nomination Committee on the Board structure, the Company could develop a pipeline of potential successors to the Board to achieve gender diversity. Based on business development and operational needs, the Company will take into full consideration of the following factors when recruiting its employees, including skills, age and gender diversity, and will strive to achieve a balanced proportion of our employee in skills, age and gender.

Board Independence

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views and input are available to the Board. The current composition of the Board, comprising more than one third of the independent non-executive Directors and the majority members of the Audit Committee are independent non-executive Directors, exceeds the independence requirements under the Listing Rules. The Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment on an annual basis.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

Dividend Policy

The Company has never declared or paid regular cash dividends on its ordinary Shares. The Company currently expect to retain all future earnings for use in the operation and expansion of the business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman legal adviser, under the Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in the Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

BOARD COMMITTEES (CONT'D)

Dividend Policy (cont'd)

If we pay dividends in the future, in order for us to distribute dividends to our shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Doing Business in China — Payment of dividends is subject to restrictions under PRC law and regulations" and "Financial Information — Dividend" in the Prospectus.

Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Nomination Committee will recommend to the Board for the nomination, appointment of new Directors in accordance with the following procedures and process: (a) the Nomination Committee shall first review and assess factors relating to the diversity of the Board, including but not limited to professional experience, skill, knowledge and length of service, gender, age, cultural and education background, and give consideration to the candidate's willingness to devote adequate time to the Board and independence of each independent non-executive directors based on the requirements of the Listing Rules as amended from time to time; (b) the Nomination Committee shall then nominate suitable candidates to the Board based on the then-current and anticipated future leadership needs of the Company, with a view to achieving a sustainable and balanced development of the Company.

For the re-election of Directors at the general meeting, the Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors, including its attendance at Board meetings, Board committee meetings and general meetings (if applicable), and his/her level of participation and performance on the Board. The Nominating Committee shall require the nominee to submit updated biographical information and the consent to be appointed as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection. The Nominating Committee shall then make recommendations to the Board on the re-election of Directors.

The Nomination Committee shall also monitor and review the implementation of the nomination policy, as appropriate from time to time, and will report to the Board annually.

CORPORATE GOVERNANCE FUNCTION

The Board has delegated the functions set out in code provision A.2.1 of the Corporate Governance Code to the Audit Committee.

The Audit Committee would (i) develop and review the Company's corporate governance policies and practices and make recommendations to the Board; (ii) review and monitor the training and continuous professional development of the Directors and senior management of the Group; (iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) develop, review and monitor the code conduct and compliance manual (if any) applicable to employees and Directors; and (v) the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the Corporate Governance Report to be contained in the Company's annual reports.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the external auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report in this annual report.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. During the year ended and up to the date of this annual report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

All Directors, namely Dr. ZHANG, Mrs. Ping Ye ZHANG, Ms. Hong YE, Mr. Jifeng GUAN, Mr. Fei CHEN, Mr. Jun YANG, Dr. Stephen Newman OESTERLE, Mr. Robert Ralph PARKS, Mr. Wai Ming YIP and Mr. Huacheng WEI), have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

The Directors are asked to submit a signed training record to the Company on an annual basis.

AUDITOR'S REMUNERATION

Details of the remuneration paid or payable to Deloitte Touche Tohmatsu, the external auditor of the Company, in respect of audit services and non-audit services for the year ended December 31, 2024 are set out in the table below:

Services rendered for the Company	Fees paid or payable RMB'000
Audit services:	3,122
Non-audit services (including ESG services):	128
Total	3,250

Note: The total amount of Auditor's Remuneration is as disclosed in Note 10 to the consolidated financial statements amounting to RMB3,250,000 for the year ended December 31, 2024.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems, and make annual review on the effectiveness of such systems. The Audit Committee is responsible for the internal audit. Qualified management personnel of the Company will also maintain and monitor the internal control system on a going concern basis. We also engaged an internal control consultant to perform certain procedures in respect of assessing our internal control in preparation of our Listing. Upon completion of such procedures, the internal control consultant provided us with a number of assessment results and the relevant recommendations, which we have adopted in full. Currently we have a series of internal control policies, procedures and programs designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, including but not limited to the following:

- The Board receives regular updates from the management team and reviews the Group's business plan, financial results, and investment strategies to ensure that business risks are identified and managed;

- The management team supervises the Group's business performance on an on-going basis via regular meetings with the respective departments and project teams to identify potential risks and develop strategies to address such risks;

- We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. The Company also works with external legal, accounting, tax, and other professional consultants at various jurisdictions to ensure that it is in compliance with relevant laws and regulations;

- We have put in place an internal audit charter that clearly states the objectives, organization, functions, responsibilities and work scope of our internal audit functions. We have established an internal audit department that is responsible for internal auditing and conducts independent review on operational activities, and reports to the senior management;

- We have enhanced communications with our investee companies and strengthened our access rights to their financial information and records, to ensure that the Company can obtain all the information needed to prepare its financial statements for public disclosure, including the publication of annual reports and annual results. We believe that we have put in place sufficient measures to prevent the future occurrence of incidents similar to the delayed publication of the annual report for the 2023 financial year;

- Our Code of Conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behavior. We also put in place anti-money laundering policies and a working group that is responsible for monitoring and supervising the implementation of the policies as well as the code of conduct.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

The Board and its Audit Committee review the reports of the management with regard to risk management and internal control on an annual basis. They also work together to review the effectiveness of the relevant systems and procedural defects. If any material defects in internal control are found, the management and the Board have to make active responses and resolve the problems arose in the most appropriate way and, at the same time, review the existing systems and procedures to seek improvement and take remedial measures.

The risk management and internal control systems seek to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, though not absolute, assurance that adequate governance and controls are in place to address business risks or financial loss.

The Company understands its obligations under the SFO and the Listing Rules, and has set up procedures and internal control measures for processing and disclosing inside information. It will make public disclosure on inside information as soon as reasonably practicable and strictly comply with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission when handling matters involving inside information, strictly prohibiting unauthorized use of confidential or insider information.

The Board has reviewed the risk management and internal control system of the Group for the year ended December 31, 2024, which covers financial, operational, compliance procedural and risk management functions, and considers them efficient and adequate. Upon review, the Board was also of the view that there were effective and adequate resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

Directors have access to the services of the company secretary to ensure that the board procedures are followed. The current company secretary of the Company is Ms. Hing Ling CHAU.

Ms. Hing Ling CHAU has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Chau is currently an executive director of corporate services of Vistra Corporate Services (HK) Limited. She has over twenty years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

In compliance with Rule 3.29 of the Listing Rules, Ms. Hing Ling CHAU has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the Reporting Period. Ms. Hong YE is the Board Secretary of the Company, who acts as the main contact person of Ms. Hing Ling CHAU and the internal departments of the Company.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the chairman of that meeting for each substantially separate issue at Shareholder meetings, including nomination and election of individual directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

SHAREHOLDERS' RIGHTS (CONT'D)

(1) Procedures for Shareholders to convene an extraordinary general meeting

In accordance with Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(2) Procedures for putting forward proposals at general meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 12.3 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 12.3 are set out above.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company at www.peijiamedical.com.

(3) Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: No.18 Yangjiatian Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC
Attention: Ms. Qinyi Zuo
Email: ir@peijiamedical.com
Tel: +86-0512-81877166-8186

Enquiries will be dealt with in a timely and informative manner.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Shareholders and potential investors on the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meeting of the Company (the "**AGM**") provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board, the chairmen of the Board Committees will attend the AGM to answer Shareholders' questions. The external auditors of the Company will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.peijiamedical.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Based on the abovementioned measures, the Company considers that its communication with its Shareholders during the Reporting Period was effective and adequate.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Articles of Association has been amended and restated with effect from September 30, 2024 and are available on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, there is no other change in constitutional documents of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Preface

Peijia Medical Limited and its subsidiaries (hereinafter referred to as "**Peijia Medical,**" "**the Group,**" "**Group,**" "**the Company,**" or "**we**") believe that promoting sustainable development is one of our important social responsibilities. The "2024 Environmental, Social, and Governance Report" (hereinafter referred to as the "**ESG Report**" or "**this Report**") presents the results of the Group's relentless efforts towards sustainable development during the 2024 fiscal year. We hope to communicate and exchange with stakeholders on sustainable development through this report.

Reporting Standards

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (hereinafter referred to as the "**ESG Reporting Guide**") in Appendix C2 of the "Listing Rules" of the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as "**HKEX**"), as well as the summary of its major amendments.

Reporting Principles

This report is prepared in accordance with the four principles of materiality, quantifiability, balance, and consistency mentioned in Appendix C2 "Environmental, Social and Governance Reporting Guide" of the "Hong Kong Stock Exchange" Listing Rules.

Scope of the Report

Unless otherwise stated, this report covers our two main businesses in China, which are (i) research and development, manufacturing and sales of transcatheter valve therapeutic medical devices ("**Transcatheter Valve Therapeutic Business**" and "**Future Technology Business**") and (ii) research and development, manufacturing and sales of neurointerventional procedural medical devices ("**Neurointerventional Business**"). Transcatheter Valve Therapeutic Business is primarily operated by the subsidiaries of the Group (mainly comprising of Peijia Medical Technology (Suzhou) Co., Ltd. and Peijia Medical Technology (Shanghai) Co., Ltd., hereinafter referred to as "**Peijia**") and Neurointerventional Business is primarily operated by Achieva Medical Limited together with its subsidiaries (hereinafter referred to as "**Achieva**"). Key performance indicators (KPIs) in environmental aspects cover the offices and factories of the Group in Suzhou and Shanghai in consistent with the ones in the 2023 ESG report.

The coverage period of this report is from January 1, 2024, to December 31, 2024.

Data Source

The data source of this report is from the internal information system, documents, and statistical data, which are compiled into this report after being organized and summarized by the Group.

Method of acquisition

This report can be obtained through the Group's official website at https://www.peijiamedical.com/or the Hong Kong Stock Exchange website at https://www.hkex.com.hk.

Contact

Our group highly values the suggestions and opinions from stakeholders regarding our "Environmental, Social, and Governance Report" and sustainable development. We welcome stakeholders to send their suggestions or opinions to the email ir@peijiamedical.com.

ABOUT US

Company profile

Peijia Medical is a global service provider of innovative medical solutions. Adhering to the corporate vision of "Dedication with Passion, Devotion for Life", Peijia Medical strives to be a respected global high-tech medical enterprise. Staying true to our original values, we are fully focused on serving patients by providing safe, effective, and affordable products and solutions. With continuous innovation, we aim to alleviate the suffering of patients and improve their quality of life. Peijia Medical, headquartered in Suzhou, Jiangsu Province, China, was established in 2012 and listed on the Main Board of the Hong Kong Stock Exchange in May 2020 (Stock Code: 9996. HK).

With the strategic layout of "Innovation-oriented, Simultaneous Treatment of Heart and Cerebrovascular Diseases" and focusing on the innovation, R&D and production of high-end medical devices for structural heart and cerebrovascular disease intervention, Peijia Medical covers the entire product pipeline for aortic, mitral and tricuspid valve replacements and surgical instruments and accessories, as well as diseases related to hemorrhage, ischemia and access in the field of cerebrovascular intervention. The Company's four marketed and under-development TAVR products and one under-development TMVR product were accepted by the Special Review and Approval Procedure for Innovative Medical Devices of the NMPA.

Based in China, Peijia Medical has been driving innovation and development with a global vision. The company has set up global innovation and R&D centers in Suzhou (China), Irvine (USA), Boston (USA), etc., and has been working with R&D partners and top experts and scholars in the United States and Europe to explore cutting-edge technologies and develop innovative products. With its unique comparative advantages in biomaterials processing technology, precision production capacity, quality management system and patent portfolio, Peijia Medical provides products to over 2,000 hospitals through its GMP-compliant high-end medical device production (R&D) bases established in Suzhou, China.

ABOUT US (CONT'D)

Corporate culture

ABOUT US (CONT'D)

Company honors

In 2024, the company accumulated 59 funding-supported technology projects that were honored. The following is a list of some of these honors:

Entity	Award
Peijia	National Key Research and Development Program — "Medical Equipment and Biomedical Materials" Key Special Project
Peijia	National specialized and innovative "small giant" enterprises
Peijia	Jiangsu Province Foreign Expert Studio
Peijia	Jiangsu Province Engineering Research Center
Peijia	Jiangsu Province Foreign-funded R&D Center
Peijia	Jiangsu Province Postdoctoral Innovation Practice Base
Peijia	Suzhou Industrial Design Center
Peijia	Suzhou Intellectual Property Strong Enterprise Cultivation — Leading Enterprise
Peijia	Suzhou Biopharmaceutical and Health Industry Innovative Excellent Products
Peijia	Suzhou City-Level Special Fund Project for Creating Advanced Manufacturing Base: Upstream and Downstream Integration and Catch-up Project in the Biomedical Industry Chain
Peijia	Suzhou City launches a global call for "challenging key core technology breakthroughs"
Peijia	Suzhou Industrial Park Manufacturing Industry Key Enterprise Identification — Peak Enterprise
Achieva	National High-tech Enterprise
Achieva	Private technology enterprises in Jiangsu Province
Achieva	Suzhou Biopharmaceutical and Health Industry Innovative Excellent Products
Achieva	Suzhou Major Scientific and Technological Achievements Transformation "Listed Leader" Project
Achieva	Suzhou Industrial Park Manufacturing Industry Key Enterprise Identification — Peak Enterprise

ABOUT US (CONT'D)

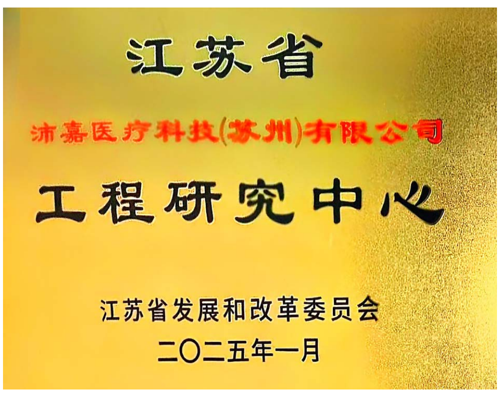
Company honors (cont'd)


高新技术企业
证书
企业名称：上海加奇生物科技苏州有限公司　证书编号：GR202432014187
发证时间：2024年12月16日　有效期：三年
批准机关：

Achieva-National High-tech Enterprise


江苏省民营科技企业
苏民科企证字　第 20240132052027061900767 号
上海加奇生物科技苏州有限公司
经备案符合《江苏省发展民营科技企业条例》的有关规定，特发此证。
有效期：二〇二四年六月至二〇二七年六月
江苏省民营科技企业协会
二〇二四年六月

Achieva-Private technology enterprises
in Jiangsu Province



Peijia-Jiangsu Province Engineering Research Center

Peijia-Jiangsu Province Foreign Expert Workshop

BOARD STATEMENT

The Board of Directors of Peijia Medical (hereinafter referred to as "**the Board**") serves as the highest decision-making body for the Group's ESG management, fully responsible for ESG governance, review, and supervision. The Board is committed to ensuring that the Group's commitments in the areas of environment, social, and governance (ESG) are effectively implemented and regularly reviews the management progress and reporting preparation of ESG-related matters.

With the continuous development of the business, the board of directors has also increasingly emphasized the importance of sustainable development management. Referencing the "ESG Reporting Guidelines" of the Hong Kong Stock Exchange, the company has currently established a multi-level, efficient, and executable ESG management system. Detailed information on the governance structure will be provided in the "Corporate Governance" and "ESG Management" sections. We will continue to update and improve the ESG management framework to ensure that the board of directors plays an active leading role in participating in and overseeing the company's ESG matters.

At the same time, the board of directors actively supervises the management status of important ESG issues within the Group, including the establishment and implementation of ESG goals, the effectiveness of ESG risk management, and internal controls. The board has participated in the assessment, prioritization, and management of the Group's ESG matters and ensures that significant ESG issues of the Group are discussed with and involve stakeholders. For more detailed information, please refer to the sections on "Stakeholder Communication" and "Materiality Assessment."

The board will continue to oversee and support the Group's efforts in ESG, ensuring that our commitments and actions align with various ESG governance requirements and create long-term value for stakeholders.

This report has been compiled under the overall planning and leadership of the board of directors, and the following principles have been applied:

Significance

A materiality assessment process is performed to identify the ESG issues that are most important to various stakeholders and to assess the level of materiality of these issues to the Company.

Quantification

Where appropriate, quantitative information is provided to assist report users in objectively reviewing a company's ESG performance; quantitative information is accompanied, where necessary, by explanatory notes describing its purpose and impact, and comparative data.

Equilibrium

Make fair disclosures and avoid choices, omissions, or presentation formats that could improperly influence the decisions or judgments of the readers of the report.

Consistency

The ESG data presented in this report is compiled using a methodology that is consistent from period to period, unless otherwise stated in the text or notes.

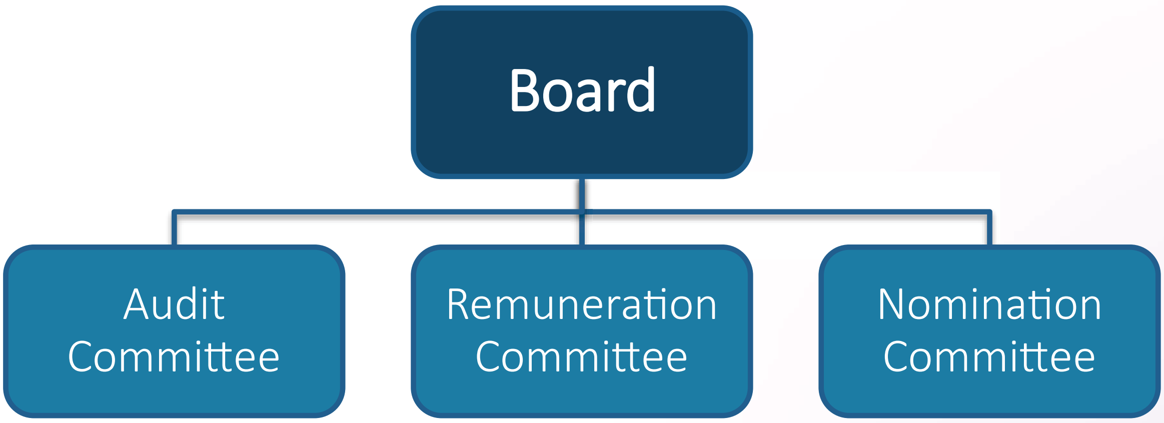
CORPORATE GOVERNANCE

Good corporate governance is the cornerstone of our company in safeguarding shareholders' interests, enhancing corporate value, formulating business strategies and policies, and improving transparency and accountability. Our company strictly adheres to the requirements of the "Company Law of the People's Republic of China," the "Securities Law of the People's Republic of China," the "Corporate Governance Code for Listed Companies," as well as the Listing Rules of the Hong Kong Stock Exchange Appendix 14, "Corporate Governance Code" and other relevant laws, regulations, and normative documents, committed to improving the corporate governance structure. By fully exercising the functions of the shareholders' meeting, the board of directors in significant decision-making, business management, and supervision, our company ensures that all decisions are scientifically sound and management is efficient and transparent, thereby better safeguarding shareholders' rights and interests and achieving sustainable development of the enterprise.

Board governance structure

Our company is committed to promoting high-quality corporate governance practices and procedures. We firmly believe that excellent corporate governance is crucial in enhancing investor confidence in our company. As of the end of this reporting period, the company's board of directors, termed as the "Board," comprises ten members, including three executive directors, three non-executive directors, and four independent non-executive directors. Additionally, three sub-committees have been established under the Board: the Audit Committee, the Remuneration Committee, and the Nomination Committee. Among the board members, there are two females and eight males.

The board of directors is responsible for the overall leadership and management of the company, overseeing the company's business, investments, and strategic decisions, and maintaining effective risk management and internal control procedures. These procedures are used to identify, manage, and mitigate various operational risks. At the same time, the board of directors fulfills its responsibilities in compliance management. The Group strictly adheres to all local laws and regulations in the operation of its business and the relevant policies of the Hong Kong Stock Exchange. We maintain a zero-tolerance attitude towards illegal and non-compliant incidents.



CORPORATE GOVERNANCE (CONT'D)

Board governance structure (cont'd)

Audit Committee: The primary responsibilities of the Audit Committee are to provide recommendations to the Board of Directors on the appointment and removal of external auditors; to approve the remuneration and terms of engagement of external auditors; to review financial information and oversee the financial reporting system as well as internal control procedures.

Remuneration Committee: The primary responsibility of the Remuneration Committee is to make recommendations to the Board of Directors regarding the company's compensation policies and structures for directors and senior management, as well as the individual compensation packages for executive directors and senior management. Details of the remuneration for each director during the current fiscal year are provided in the annual report.

Nomination Committee: The primary responsibilities of the Nomination Committee include reviewing the structure, size, and composition of the Board of Directors; identifying individuals with appropriate qualifications for membership on the Board; assessing the independence of independent non-executive directors; and making recommendations on any proposed changes to the Board or on the selection of individuals for directorship; and/or providing suggestions to the Board on the appointment or reappointment of directors.

The board of directors advocates a diversity policy for its members, aimed at enhancing the efficiency of the board and maintaining a high standard of corporate governance, and acknowledges and believes in the benefits that board member diversity brings to the company's development. According to the board member diversity policy, in order to achieve a variety of perspectives, skills, and experiences within the board, a range of factors will be considered when deciding on the appointment and continuation of any individual to the board, including but not limited to gender, age, cultural and educational background, length of service, skills, regional and industry experience. In forming diverse perspectives, the company will carefully consider and evaluate the views of all parties based on the needs of business development, ensuring that the board makes the best decisions.

ESG MANAGEMENT

Peijia Medical is a leading local market participant in China's interventional surgery medical device industry, adhering to the philosophy of "striving for excellence, dedicated with utmost sincerity, and revering life", and continuously creating maximum value for its customers, employees, shareholders, and society.

For Patient: Bringing cutting-edge medical care and products to where they are needed most.

For Medical staff: Pooling together every bit of resource to create miracles of life.

For the nation: Striving with all efforts for a healthy China.

Our group is committed to reducing the environmental impact of production and operations, decreasing greenhouse gas emissions, building a diverse, inclusive, safe, and harmonious workplace, and striving our utmost to alleviate patient suffering, promote patient health and well-being, and create value for the surrounding communities and society at large.

ESG MANAGEMENT (CONT'D)

ESG governance framework

The board of directors, as the highest management and decision-making body in corporate governance, is fully responsible for the company's sustainable development management. A scientific, stable, and effective sustainable development management system is the cornerstone for promoting high-quality development of the enterprise. Therefore, the company has established a three-tier sustainable development management system with the board of directors at its core. As the decision-making body for ESG matters, the board will assess and manage sustainable risks, define the ESG governance structure, management systems, policies, and performance indicators, and integrate the ESG philosophy into all aspects of the Group. The company has established an ESG management office at the management level, composed of the company's management team, which leads and is responsible for the daily management work related to the company's various sustainable development matters and regularly reports to the board on the progress of the work. At the specific implementation level of sustainable development issues, ESG working groups composed of heads of relevant departments are responsible for collecting various sustainable development indicators and implementing goals, and regularly report to the ESG management office on the completion of the work.

Highest Governance Body — Board of Directors

Responsible for identifying, prioritizing and managing important sustainability-related issues based on the results of stakeholder communications and substantive assessments, evaluating the Company's sustainability risks, formulating social responsibility strategies, setting performance targets and reviewing progress on a regular basis.

Management Level — Corporate ESG Management Office

Responsible for communicating with stakeholders on a regular basis, identifying the company's sustainability risks, formulating sustainability goals based on the company's actual situation, tracking the progress of the completion of the sustainability goals on a regular basis and reporting the completion of the goals to the Board of Directors.

Executive Layer Layers — Corporate ESG Working Group

Responsible for the day-to-day work of the company's sustainable development, formulate specific implementation plans for each project goal and organize its implementation. Regularly collects and analyzes ESG data and reports to the ESG Management Office on the completion of the company's sustainable development work.

ESG MANAGEMENT (CONT'D)

Sustainable development goals

As an integral part of society, enterprises actively fulfilling their social responsibilities can not only enhance their market competitiveness but also play a significant role in promoting social progress. The United Nations has proposed 17 Sustainable Development Goals (SDGs for short), aiming to address the severe challenges faced by the environment and society.

Our company closely centers its operations around the United Nations' sustainable Development Goals, striving to integrate these goals into every aspect of our daily business to contribute our part to global sustainable development. Under the leadership of the board of directors, we have selected specific goals closely related to our corporate operations based on the United Nations Sustainable Development Goals, and through a series of concrete actions, we have demonstrated our efforts in sustainable development.

We believe that through such efforts, we can not only help enterprises achieve sustainable development but also bring positive impacts to society and the environment.

The UN's 17 Sustainable Development Goals	Our Actions
3, 8, 9	**Growth** Enhance the quality of operations, create sustainable economic benefits, drive economic development, and lead to employment opportunities.
9, 12	**For Patients** Continuously improve the quality of our products and actively innovate while ensuring quality to win the long-term trust of consumers.
3, 4, 5, 8, 10, 16	**Employee-oriented** To create an equal and inclusive, healthy and safe working environment for employees, establish a fair and perfect talent development system, create a first-class training platform, pay attention to the growth of employees, and work with employees to create a better future.
17	**Building a sustainable supply chain** Continuously drive suppliers to jointly build a sustainable supply chain, promote the application of sustainable packaging, strengthen the independent research and development of core technologies, and promote the supply chain to green transformation and upgrading.
6, 7, 11, 13, 14, 15	**For Environment** Adhere to the development policy of energy saving, emission reduction, green and low carbon, and join hands with upstream and downstream partners to address the risk of climate change. Continuously promote green products and sustainable logistics. Promote green office and carry out a variety of employee activities to enhance employees' awareness of environmental protection.
1, 2, 4, 10	**Contribute to the society** Actively responding to the national macro-strategy, assuming corporate social responsibility, actively participating in the construction of the community, and contributing to the building of a harmonious society through diversified community activities.

ESG MANAGEMENT (CONT'D)

Stakeholder communication

Stakeholders play a crucial role in the development of the Group. Based on in-depth internal and external research, we have identified stakeholders that have a significant impact on the sustainable development of the Group, including investors, employees, customers, doctors and patients, suppliers and partners, peers and industry associations, communities, government, and regulatory agencies. We deeply understand that only by fully respecting and listening to the opinions of all stakeholders can we better implement the sustainable development strategy. Therefore, we have established a diverse communication mechanism to ensure that the opinions and needs of all parties are effectively integrated into the company's sustainable development agenda, and we respond actively with practical actions, jointly promoting the creation of sustainable value.

Stakeholders	Appeals and expectations	Communication channels
Investors	• Protecting investors' right • Compliance operations of the company • Accurate information disclosure • Investment returns	• General meeting • Company announcements • Company website/email • Investor conferences
Employees	• Ensure the legal rights and interests of employees • Occupational Health and Safety • Employee benefits • Equal employment and development opportunities	• Staff meeting • Daily communication • Employee feedback Mailbox • Employee training
Customer	• Product safety and quality • Product design • Market recognition • Delivery Management	• Communication with customer service staff • Communication with sales representative • Company website/email • Feedback on social media platforms
Doctors and patients	• Privacy Protection • High-quality products and services	• Hotline and Email • Academic conferences • Department meetings
Suppliers and partners	• Win-win cooperation • Equal competition opportunities • Long-term order	• Daily communication and visits • Supplier conference • Supplier assessment
Peers and industry associations	• Fair competition • Promote industry communication and development	• Participate in various industry conferences • Organize industry exchange activities
Community	• Community engagement • Public welfare activities • Donating money and goods	• Visits • Communication through voluntary activity • Communication through public welfare activities
Government and regulatory authorities	• Enterprises operate legally and compliantly • Long-term stable development of business • Safe Operation • Social contribution	• Respond to various inspections • Participate in government meetings • Submitting work reports • Regular seminars and exchange

ESG MANAGEMENT (CONT'D)

Materiality assessment

To meet the disclosure requirements of the "ESG Reporting Guidelines" and further clarify the expectations of internal and external stakeholders on the ESG management issues of our group, we have implemented a systematic materiality assessment process, as follows:

Step 1 — Identification of ESG Issues:

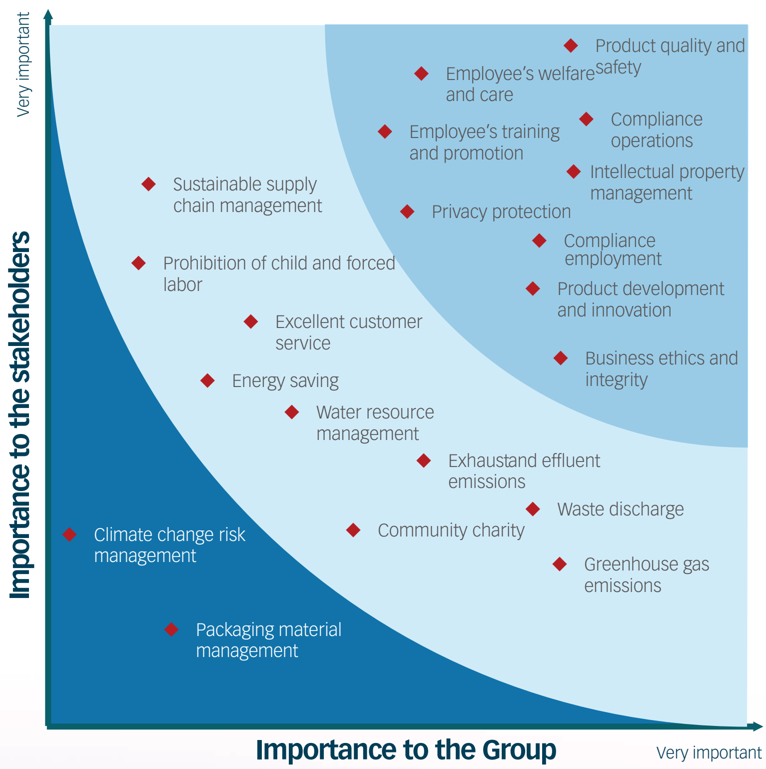
Based on the framework requirements of the "ESG Reporting Guidelines," combined with our group's business model and industry development trends, we systematically identified 20 core ESG issues that have significant impacts on stakeholders.

Step 2 — Justifying Importance:

To accurately assess the importance of various ESG issues, we adopted a combination of online questionnaire surveys and offline in-depth interviews, inviting stakeholders to comprehensively evaluate from two key dimensions: "impact on the company" and "impact on stakeholders". Through the organization and analysis of the evaluation results, a materiality issues assessment matrix was ultimately formed.

Step 3 — Validation of Assessment Results:

The board of directors and senior management of our group have conducted a detailed review and professional assessment of the materiality issues assessment submitted by the ESG working group. It is worth noting that in the latest assessment for 2024, after comprehensive consideration, the senior management decided to continue the conclusions on materiality issues from the previous year.



ESG MANAGEMENT (CONT'D)

Materiality assessment (cont'd)

The implementation of this process ensures that our ESG management issues not only meet industry benchmarks but also genuinely reflect the expectations of stakeholders, providing strong strategic support for the sustainable development of the Group.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4)

Climate change has become a core challenge that the world is facing today. Humanity must explore a path of sustainable development while protecting natural ecosystems. This issue has garnered high attention from the international community and is clearly articulated in the United Nations' "2030 Agenda for Sustainable Development," which provides a roadmap for the global community to achieve shared development goals. As an important member of the international community, China, under the strong leadership of General Secretary Xi Jinping, made a landmark "carbon peak and neutrality" commitment in September 2020, striving to achieve carbon dioxide emissions peaking by 2030 and carbon neutrality by 2060. This commitment not only reflects China's responsible attitude in global climate governance but also highlights a profound understanding and practical action towards the concept of sustainable development.

To fulfill the above commitments, Peijia Medical closely follows national environmental regulations and policy orientations, starting with the two core areas of resource management and waste management, to promote sustainable development to a new level. In terms of resource management, we will achieve efficient resource allocation by strengthening the supervision of resource use, improving resource efficiency, and accelerating the green transformation of the energy structure. In terms of waste management, we will effectively control emissions by implementing emission reduction measures, strengthening the treatment of pollutants, and promoting the resource utilization of waste. In 2024, we actively took action by setting specific energy saving and emission reduction targets and embedding environmental protection and ecological civilization construction deep into our corporate culture and business strategy.

Environmental protection policy

We strictly adhere to a variety of environmental regulations, including but not limited to the "Environmental Protection Law of the People's Republic of China," the "Water Pollution Prevention and Control Law of the People's Republic of China," the "Solid Waste Pollution Environmental Protection Law of the People's Republic of China," and the "Energy Conservation Law of the People's Republic of China." Not only do we rigorously comply with the provisions of these laws and regulations, but we also actively take measures to ensure that all environmental protection measures are effectively implemented and that all emissions and disposal of pollutants are properly handled to ensure that our emissions meet the relevant standards issued by the state.

In our daily business operations, we always maintain a high level of environmental awareness. Throughout the reporting period, our environmental measures and actions have not violated any environmental laws and regulations. At the same time, we have not received any complaints or allegations from environmental authorities, which fully demonstrates our efforts and achievements in environmental protection.

In order to more fully identify the environmental factors related to our company's activities, products, and services, we have established the "Environmental Factor Identification and Evaluation Procedure" to assess significant environmental factors and ensure that the company updates environmental factors in a timely manner in response to changes in relevant circumstances or changes in laws, regulations, and other requirements, thereby achieving the prevention and effective control of environmental pollution. The Operations Department — EHS is responsible for organizing the identification and evaluation of environmental factors and maintaining relevant records. This year, the business scope and activities of Peijia Medical have not caused significant impacts on the environment and natural resources. In order to further reduce the impact of business activities on the environment and natural resources, we completed a series of renovations in 2024 to achieve energy conservation, as detailed in the "Environmental Protection Highlights".

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental protection highlights

1. *Steam Energy-saving Retrofit Project*

   Project Background — With the continuous expansion of the production capacity of the Peijia Medical, the company's energy demand is increasing day by day, especially the consumption of electrical energy is significant. Considering comprehensively, steam can be used as a carrier to replace electricity as an important energy source for the operation of clean air conditioning.

   Purpose and Objectives — The purpose of this project is to reduce the cost of steam usage, improve steam efficiency, decrease energy waste, and achieve sustainable development; the objective is to reduce electricity consumption, increase corporate earnings through the use of centralized steam supply, while also reducing carbon emissions and contributing to environmental protection.

   Project Solution — This project adopts a method that combines steam and electrical power to supply the air conditioning units, reducing the reliance on electrical power, achieving the rational use of steam, and minimizing energy waste.

   Investment Cost and Expected Returns — This project is expected to require an investment of RMB2 million, which includes expenses related to government heating supply, equipment procurement, technology introduction, and other aspects. In terms of cost, effective energy-saving measures will be adopted, with an expected payback period of within 3 years, saving approximately RMB800,000 to RMB1,000,000 in electricity costs annually. The expected returns are the reduction in steam usage costs, increased corporate profits, and decreased carbon emissions. At the same time, in terms of social benefits, we will contribute to environmental protection, enhancing the company's social image and sense of responsibility.

   Project Outcome — This project aims to enhance steam usage efficiency, reduce energy waste, and achieve sustainable development by introducing advanced steam energy-saving technologies and implementing effective management measures.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental protection highlights (cont'd)

2. *Energy-saving renovation project for clean air conditioning water systems*

   Project Background — The company's energy demand is increasing day by day, particularly the consumption of electrical power, which is substantial. Considering this, it is possible to optimize the operation of some high-energy-consuming components such as water pumps and electric motors in the clean air conditioning system.

   Purpose and Objectives — The purpose of this project is to reduce the cost of electrical energy usage, improve the efficiency of energy use, decrease energy waste, and achieve sustainable development; the objective is to reduce electrical energy consumption by adjusting from constant-frequency operation of pumps and fans to variable-frequency operation, optimizing operational quantities, increasing corporate earnings, while also reducing carbon emissions and contributing to environmental protection.

   Project Solution — This project adopts a variable frequency drive control to replace the original fixed-frequency start-up operation. Its advantages include: energy saving and consumption reduction, by lowering the motor speed, energy consumption can be reduced; improving equipment efficiency, as the motor operates with frequency conversion, the equipment can run at the optimal working point; extending equipment lifespan, frequency conversion operation can reduce the motor's starting current and impact, thus reducing the impact on the power grid and equipment; and enhancing control precision, by precisely adjusting the motor speed, precise control can be achieved.

   Investment Cost and Expected Return — This project is expected to require an investment of RMB80,000, which includes costs for cable renovation, equipment procurement, program optimization, and other expenses. In terms of operational costs, by adopting effective energy-saving measures, it is expected to recoup the investment within one year, with an annual electricity savings of approximately RMB86,000.

   The expected benefits include reducing the cost of electricity usage, reducing equipment operation and maintenance costs, increasing corporate profits, and reducing carbon emissions.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental protection highlights (cont'd)

2. *Energy-saving renovation project for clean air conditioning water systems (cont'd)*

   Project Outcome — This project aims to enhance the efficiency of electrical energy use, reduce energy waste, and achieve sustainable development by improving the technology of motor startup and operation control methods and implementing effective management measures.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental protection highlights (cont'd)

3. *Rainwater harvesting system*

   Project Background — In order to improve the utilization rate of water resources and reduce the production costs of the company, it is considered that the rational use of rainwater resources can be achieved through the establishment of a rainwater recycling system.

   Purpose and Objectives — The purpose of this project is to make full use of the rainwater resources within the factory area, reduce reliance on municipal water supply, and achieve the recycling of water resources; the objective is to construct a comprehensive rainwater recovery system to meet the non-potable water needs such as greenery irrigation and cleaning within the factory area, reduce the operating costs of the enterprise, and enhance the corporate image.

   Project Proposal — A rainwater recycling system is to be installed at both ends of the northern fence of the factory area. Each system consists of a storage pool and a clean water pool, with a storage capacity of 105.6 cubic meters for each pool and a clean water capacity of 28.8 cubic meters. After the rainwater is collected, filtered, settled, and disinfected, it reaches the standard for irrigation water quality for greening. Then, through an automatic irrigation system, it provides a water source for the green areas within the factory area.

   Investment Cost and Expected Returns — This project is expected to require an investment of RMB550,000. Based on the calculation of 80 cycles of rainwater collection system storage, a total of 16,896 cubic meters of water can be stored. According to the water price of RMB4.1 per ton, the project can save approximately RMB70,000 in water costs annually. In the long run, the investment yield is relatively high.

   Project outcomes — Two complete rainwater recycling systems have been established, achieving effective collection and utilization of rainwater, reducing the venture's reliance on municipal water supply, and improving the utilization rate of water resources.

EMISSION MANAGEMENT

The emissions of our group mainly include air pollutants, greenhouse gases, general waste, and hazardous waste. We constantly pay attention to the relevant national laws and regulations, prioritize the management of emissions, and ensure that the waste gas and wastewater discharged by the company meet the national emission standards, thereby reducing the adverse impact on the environment.

Gas pollution prevention "A1.1"

This year, we invited external units to test the industrial waste gas after it has been purified by activated carbon adsorption to confirm that the emission concentration and emission rate of non-methane total hydrocarbons from our company meet the national standards.

Waste gas	Unit	2024	2023
Non-methane total hydrocarbons	Cubic meter	**28,162,500**	4,998,960

Note:

The significant increase compared to 2023 is mainly due to 1. the increase in production capacity due to the expansion of the valve production plant after the relocation to the new headquarters, and 2. the addition of post-processing equipment at the new headquarters (compared to only a ventilation equipment in 2023).

Greenhouse gas management "A1.2"

In order to control greenhouse gas emissions, we continue to implement "green office" initiatives, cultivating employees' energy-saving and low-carbon office and living habits:

- Adopting remote online meetings to reduce unnecessary employee travel.
- Implementing paperless office, staff check-in and various process approvals are conducted online through office software, replacing paper sign-in and paper approval documents; an electronic expense reimbursement system has been introduced, eliminating the need for paper expense claim materials.
- A regular inspection mechanism for public areas has been established to ensure that "lights are turned off when people leave," preventing waste of resources.
- Regular maintenance of office facilities, production equipment, and pipelines enhances the efficiency of resource utilization.
- Planting trees in the new office building with the aim of offsetting some of the carbon dioxide emissions in the future.

EMISSION MANAGEMENT (CONT'D)

Greenhouse gas management "A1.2" (cont'd)

Greenhouse gas emissions	Unit	2024	2023
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes of carbon dioxide Equivalent amount	**6,456.33**	6,354.06
Greenhouse Gas Emission Intensity (Scope 1 + Scope 2)	tonnes of carbon dioxide Per capita amount	**6.17**	6.11
Greenhouse Gas Emissions (Scope 1)	Tonnes of carbon dioxide Equivalent amount	**35.75**	18.05
Greenhouse Gas Emissions (Scope 2)	Tonnes of carbon dioxide Equivalent amount	**6,420.58**	6,336.00

Note:

1. Greenhouse gas emissions are presented as carbon dioxide equivalents. Greenhouse gas emissions (Scope 1) originate from gasoline usage, and the accounting methods and emission factors are derived from the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Machinery Equipment Manufacturing Enterprises (Trial)" issued by the National Development and Reform Commission (NDRC). Greenhouse gas emissions (Scope 2) come from purchased electricity and purchased steam. The greenhouse gas emission factor for purchased electricity is derived from the "2021 Provincial Average CO2 Emission Factors for Electricity" published by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics. The greenhouse gas emission factor for purchased steam is sourced from the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial)" issued by the NDRC.

2. The significant increase in Scope 1 is due to the company's refinement of the statistical scope, with this year's gasoline consumption statistics covering all official vehicles.

Greenhouse Gas Emission Target

To achieve a GHG emission intensity in 2025 that is not higher than the GHG emission target for 2024, and to maintain the gradual reduction of GHG emission intensity in the long term.

Waste management "A1.3 1.4 1.6"

Our group has formulated the "Waste Treatment Management Procedures", "Solid Waste Disposal Management System", and "Chemical Management System" to ensure the standardized treatment of various hazardous and non-hazardous wastes. The hazardous wastes generated by our company mainly include medical and chemical wastes, waste biological tissues, organic waste liquids, waste acids, waste containers and bottles, waste activated carbon, etc. We store the hazardous wastes in specialized hazardous waste warehouses before handing them over to qualified third-party processors for disposal. As for the non-hazardous wastes such as domestic garbage, we carry out waste sorting and then hand them over to the municipal environmental sanitation department for disposal.

EMISSION MANAGEMENT (CONT'D)

Waste management "A1.3 1.4 1.6" (cont'd)

Waste	Unit	2024	2023
Total amount of hazardous waste	ton	**91.07**	106.50
Hazardous waste discharge intensity	ton per capita	**0.09**	0.10
Total volume of non-hazardous waste	ton	**225**	119.70
Harmless waste discharge intensity	ton per capita	**0.21**	0.12

Waste Emission Target "A1.5 1.6"

To achieve in 2025 the intensity of hazardous waste emissions and the intensity of non-hazardous waste emissions not higher than the 2024 waste emissions target, and to maintain the gradual reduction of the intensity of waste emissions in the long term. To achieve this goal, we will further optimize our production and R&D processes to strictly control the generation of hazardous waste. At the same time, we will encourage our employees to reduce the emission of non-hazardous waste through publicity and guidance.

RESOURCE MANAGEMENT

Energy management 'A2.1'

Our group is committed to optimizing energy use. In the production process, we achieve energy saving and consumption reduction through process optimization and off-peak production. To alleviate the load on the power grid, we have shifted equipment with high electricity consumption to night shifts for off-peak production. In 2024, we completed the "Steam Energy Saving Retrofit Project," which is expected to save 800,000 to 1 million kilowatt-hours of electricity.

With the completion of the new headquarters building, we have introduced an intelligent building management system in the office areas. The VRV air conditioning is switched on and off and timed by the factory personnel through the BMI air conditioning control system. The VRV air conditioning systems in the production building, cafeteria, and administrative building are switched on and off according to the season and indoor temperature, with four modes: cooling, heating, fan, and dehumidifying. The production, storage, and laboratory areas of the production building are controlled according to specific needs. This year, we also established the "Group Air Conditioning Usage Management System," which stipulates the time and conditions for the activation of air conditioning. The activation of air conditioning must strictly follow the system, and the temperature setting for turning it on should be in accordance with the description in the system document. Factory personnel conduct daily inspections of the air conditioning temperature settings, and any discrepancies in the set temperatures must be corrected promptly.

We have also installed a lighting automatic control system in the new headquarters building. The lights in the office areas are automatically turned off at night, and the corridors in the production areas use sound-activated switches, which dim the brightness when no one passes by, in order to achieve the goal of saving electricity.

To enhance employees' awareness of energy conservation, we have posted energy-saving and water-saving labels on air conditioning panels, meeting rooms, and various other places, starting with the little things to reduce the waste of energy resources. In addition, we have also organized initiatives to promote electricity conservation, raising the entire staff's awareness of energy saving.

RESOURCE MANAGEMENT (CONT'D)

Energy management 'A2.1' (cont'd)

Energy consumption	Unit	2024	2023
Total energy consumption	Megawatt-hour	**11,923.25**	10,510.21
Total Energy Consumption Intensity	megawatt-hours per capita	**11.39**	10.11
Total direct energy consumption	Megawatt-hour	**162.31**	73.84
Total Indirect Energy Consumption	Megawatt-hou	**11,760.94**	10,436.37

Note: Energy consumption is listed in megawatt-hours, mainly comprising purchased electricity, purchased steam, and gasoline consumption. The conversion factor for purchased steam energy consumption is derived from the recommended values of relevant parameters issued by the National Development and Reform Commission in the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Other Industrial Enterprises (Trial)." The conversion factor for gasoline energy consumption is based on the recommended values of relevant parameters issued by the National Development and Reform Commission in the "Guidelines for Greenhouse Gas Emission Accounting and Reporting for Machinery Manufacturing Enterprises (Trial)" and the conversion factors provided in the Energy Statistics Manual issued by the International Energy Agency.

Energy Efficiency Target "A2.3"

To achieve an aggregate energy consumption mass intensity in 2025 that is not higher than the energy efficiency target for 2024, and to maintain a gradual reduction in the aggregate energy consumption mass intensity over the long term.

Water resource management "A2.2 2.4"

Our group is committed to water conservation, improving water resource efficiency, and properly treating wastewater. Our water supply comes from the municipal water system and does not involve any water extraction issues. In the production process, we focus on implementing water-saving measures, collecting pure water discarded by equipment, and using it for cleaning the ground and sanitation facilities in peripheral public areas, achieving the reuse of water resources. In 2024, we completed the construction of a rainwater recycling system. The rainwater first enters the rainwater pipes, then after terminal filtration, it flows into the rainwater collection pond. The collected rainwater is used for irrigation of the green areas in the plant. Based on the calculation of storing water 80 times a year in the rainwater recycling system, it is expected to store a total of 16,896 cubic meters of water.

Water resource consumption	Unit	2024	2023
Total water consumption	ton	**18,069**	21,125.86
Water consumption intensity	ton per capita	**17.26**	20.31

Note: The total water consumption consists of the sum of water used for production and domestic purposes.

Water Efficiency Target "A2.4"

Through enhanced rainwater recycling, achieve a water efficiency target of water consumption intensity in 2025 not higher than that in 2024, and maintain a gradual reduction in water consumption intensity over the long term.

RESOURCE MANAGEMENT (CONT'D)

Packaging material management "A2.5"

Our group has further reduced environmental impact by reducing packaging size and reusing packaging materials. This year, Peijia Medical has replaced the white cardboard used in packaging with corrugated paper made from natural fibers. We focus on the procurement of sustainable packaging materials, and our procurement department will continue to search for environmentally friendly packaging material suppliers, striving to further reduce the environmental impact of packaging materials. By 2024, all the paper packaging we purchase will be degradable cartons.

Packaging material consumption	Unit	2024	2023
Total amount of packaging materials used for the product	ton	**31.7**	28.1
The strength of the packaging materials used for the product	Kilograms per product piece	**1.34**	1.35

CLIMATE CHANGE RESPONSE MANAGEMENT "A4"

Risk Type	Risk Description	Response measures
Acute physical risk "short-term extreme climate events"	• Typhoon/Flooding: Suzhou, located in the lower reaches of the Yangtze River, is prone to typhoons and heavy rainfall in the summer, which may lead to water entering the factory area, damage to precision equipment, or disruption of the supply chain. • Extreme high temperatures: The production workshop needs to maintain a constant temperature and humidity; heatwaves may cause the air conditioning system to be overloaded, increasing energy consumption costs or affecting product quality. • Fire: The extremely dry weather increases the risk of fire in the industrial area, which could potentially destroy production facilities or raw material inventory.	• Facility reinforcement: Upgrade of factory drainage system "such as flood barriers, waterproof panels", roof wind resistance reinforcement, backup generator installation. • Emergency Plan: Develop a shutdown plan for extreme weather conditions and collaborate with local logistics ventures to establish emergency transportation routes. • Insurance Coverage: Consider purchasing commercial insurance for climate disasters to cover equipment damage and business interruption losses.

CLIMATE CHANGE RESPONSE MANAGEMENT "A4" (CONT'D)

Risk Type	Risk Description	Response measures
Chronic physical risk "long-term climate change"	• Water resource scarcity: Suzhou has experienced an increasing frequency of droughts in recent years, leading to restrictions on production water usage, which may drive up the cost of water treatment. • Temperature rise: Long-term temperature increases lead to higher costs in cold chain transportation "such as the storage requirements for biological materials." • Deterioration in air quality: The rise in PM2.5 concentration may affect the air quality in clean rooms, necessitating additional investment in filtration equipment.	• Water-saving technology: Introducing a recycled water treatment system to reduce water consumption per unit of product. • Renewable Energy: Consider installing a photovoltaic power generation system and energy storage equipment on the factory roof to reduce the reliance of the air conditioning system on the traditional power grid. • Localization of supply chain: prioritizing suppliers from the Yangtze River Delta region to reduce the carbon footprint of long-distance transportation.
Legal risks	• Supply Chain Contingent Liability: If an upstream supplier is shut down due to environmental violations, it may lead to a breach of contract due to the interruption of raw material supply.	• Supply Chain Audit: Require suppliers to provide environmental management system certification, and conduct special audits on an irregular basis.
Market risk	• Green Premium Competition: If competing products pass the "Zero Carbon Factory" certification, they may seize a share of the public hospital procurement market.	• Green Certification Application: Strive to obtain green factory certification in accordance with the standards set by the Ministry of Industry and Information Technology.
Reputation risk	• ESG Rating Downgrade: Failure to disclose climate risk management plans may result in a downgrade by MSCI ESG Ratings, affecting international financing. • Talent Drain: Young R&D personnel are more inclined to join enterprises with a good environmental image.	• Timely disclosure: Disclose the climate change risks that the company may face in the ESG report and propose corresponding measures. • Employee Participation Program: Establish an incentive mechanism to encourage employees to propose energy-saving and emission-reduction solutions.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT

Peijia Medical's continuous innovation capability relies on a team of professional talents. We consistently adhere to the management philosophy of "people-oriented," regarding our employees as the most valuable asset and wealth of the company. Over the years of development, we have deeply recognized that the well-being and satisfaction of employees are one of the key factors for the company's success. Therefore, we not only pay attention to the material needs of our employees but also focus on their spiritual growth and career development. By continuously optimizing Peijia Medical's talent management policies, providing competitive salaries, patiently listening to the voices of employees, and creating an inclusive and harmonious working environment.

In compliance with laws and regulations, we strictly adhere to the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Law on the Protection of Minors of the People's Republic of China", the "Prohibition of Child Labor Regulations", the "Special Regulations on the Protection of Women Workers", as well as other relevant national and local laws and regulations, ensuring that all labor practices meet legal requirements. Based on these laws and regulations, we have formulated the "Employee Handbook" and a series of internal management procedures and policies, covering aspects such as compensation and employment, recruitment and promotion, working hours, holiday arrangements, equal opportunities, diversity, anti-discrimination, and other benefits and treatments.

In terms of compensation and employment, we ensure that all employees receive fair and reasonable wages and benefits that are not less than the legal minimum standards. We strictly adhere to the legal provisions at the national and international levels that prohibit the use of child labor, and we absolutely do not employ children. We oppose any form of forced labor, respect the legitimate rights and interests of employees, and provide a safe and healthy working environment.

In recruitment and promotion, we adhere to the principles of openness, fairness, and justice, selecting and promoting employees based on their abilities and performance, providing them with opportunities and a platform for career development.

In terms of working hours, we adhere to the legal working hour system to ensure that our employees have sufficient rest and personal time, maintaining their physical and mental health.

In terms of holidays, we provide paid leave, maternity leave, sick leave, and so on for employees in accordance with legal regulations, ensuring their rights to rest and recovery.

In terms of equality and diversity, we are committed to creating an inclusive and diverse work environment, opposing any form of discrimination, and respecting the individual differences and multiculturalism of our employees.

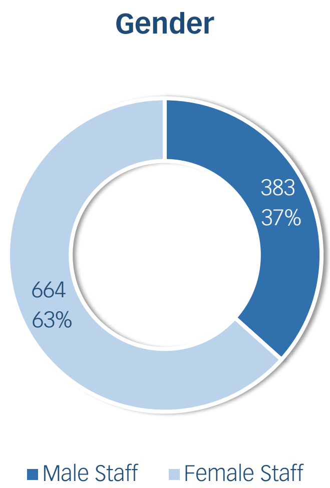
In terms of anti-discrimination, we firmly oppose any unfair discriminatory practices based on gender, age, race, religious belief, disability, sexual orientation, etc., to ensure that all employees work and develop on an equal footing.

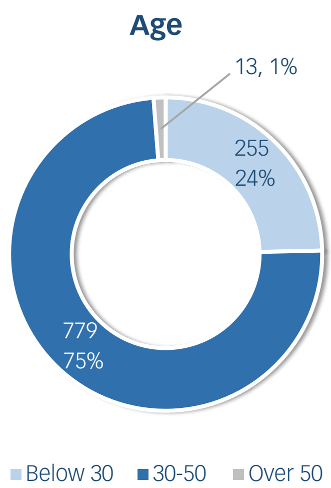
In terms of benefits and compensation, we offer a variety of welfare measures, such as pension insurance, unemployment insurance, work-related injury insurance, and the payment of public housing funds, to care for the quality of life of our employees, and to enhance their satisfaction and loyalty.

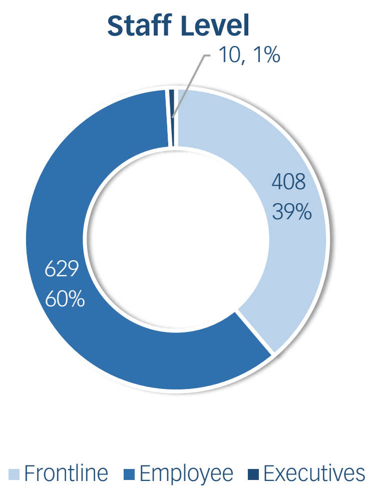
OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

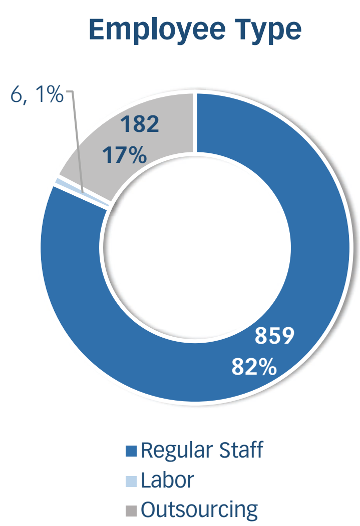
Employee overview "B1.1"

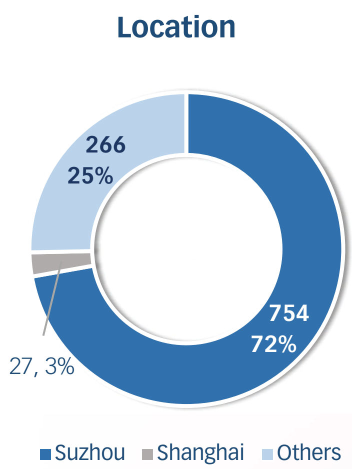
In 2024, the Group employed a total of 1,047 staff members, including 39 employees from 15 ethnic minorities. The detailed breakdown of employees for the year is as follows:











Note:

The classification standard for "staff levels" is as follows:

1. The front line mainly consists of operators within the Group.
2. Employees are classified as professional, junior, and middle management staff within the Group.
3. Executives are part of the Group's operational management staff.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Compensation and benefits "B1 General Disclosure"

Establishing a compensation system that is "competitive externally and fair internally" is our relentless pursuit. The company generally adjusts salaries at the beginning of each year based on the previous year's performance appraisal and the company's operation and market conditions. In 2024, the company achieved a steady growth in the overall compensation level of its employees.

In terms of welfare and security, we have established a comprehensive leave policy and welfare package. Our "Employee Handbook" detailedly stipulates the various welfare benefits that employees are entitled to. Employees can not only enjoy all the legal holidays prescribed by the state, such as maternity leave, paid annual leave, etc., but also enjoy additional company benefits, including holiday welfare, wedding gifts, maternity gifts, condolence money, annual physical examination, birthday parties, travel/team-building activities, and more.

Badminton activities

Lacquered fan activity

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Compensation and benefits "B1 General Disclosure" (cont'd)

Birthday party event

Staff recruitment "B1 General Disclosure, B4.1 4.2"

To enhance the efficiency and quality of recruitment work and ensure the attraction and selection of suitable talent, the company has formulated the "Recruitment Management Regulations," which standardize the recruitment process and the assignment of responsibilities.

In the process of recruitment and hiring, the company adheres to the following principles:

Fairness

- The company will treat all internal and external applicants fairly and justly, and the recruitment outcome will not be influenced by personal, racial, gender, social, or family factors.

Selectivity

- The company primarily evaluates the job fitness of all internal and external applicants based on values, qualifications, and key competencies, and selects the most suitable candidates for employment.

Confidentiality

- All company employees are prohibited from disclosing any trade secrets of the company to external personnel during the recruitment process;

- All personnel involved in the recruitment process must not misuse or disclose applicants' personal information to others.

Compliance

- The company's recruitment and employment strictly adheres to national laws and regulations, industry standards, and international guidelines "where applicable" in accordance with relevant requirements;

- The company strictly adheres to the national and international legal provisions that prohibit the use of child labor and will never employ children; Once such irregularities are discovered, we will stop the employment immediately and deal with the responsible persons seriously;

- The company firmly opposes any form of forced labor and adheres to the principles of voluntary equality in the recruitment and hiring process.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Employee promotion "B1 General Disclosure"

We comprehensively assess and evaluate our employees based on their work performance, abilities, and attitudes, etc., to encourage continuous improvement in their work performance, enhance their professional abilities and management level, ensuring the achievement of the company's annual quality objectives and the effective implementation of relevant policies and systems. At the same time, the results of the performance appraisal also serve as a basis for personnel adjustments such as promotions and salary adjustments.

We have established and improved the ranking system to define the promotion path for key employees.

Resignation status "B1.2"

When an employee resigns, we follow the clearly defined resignation process stated in the "Employee Handbook" to handle the relevant procedures, and legally terminate the labor relationship with them, fully ensuring the legitimate rights and interests of the employees. Employees must notify the company in writing within the time limit prescribed by law and company regulations in advance of their resignation. If either party requests an early termination of the labor contract, the notice period should be at least 3 days during the probation period and at least 30 days outside of the probation period, in writing. If the employee has signed special agreements with the company, such as a service period agreement, confidentiality and non-compete agreement, loan contract, etc., the resignation must be processed in accordance with the provisions of the contract.

Employee turnover situation	Unit	2024
Overall churn rate	%	**20.4**
Employee turnover rate by gender		
Male	%	**6.6**
Female	%	**13.8**
Employee turnover rate by region		
Suzhou, China	%	**12.3**
Shanghai, China	%	**3.7**
Other regions	%	**4.4**
Employee turnover rate by age group		
Under 30 years old	%	**6.3**
30 to 50 years old	%	**14.0**
Over 50 years old	%	**0.1**

Note: The calculation method for employee turnover rate: Annual formal employee turnover rate = (Number of formal employees who left during the year)/(Number of formal employees on duty at the end of the year + Number of formal employees who left during the year) * 100%.

HEALTH AND SAFETY

Safety production management "B2, 2.3"

Our group strictly adheres to the national laws and regulations such as the "People's Republic of China Work Safety Law", the "People's Republic of China Occupational Disease Prevention and Control Law", the "People's Republic of China Work Safety Law", and the "Regulations on Reporting and Handling of Production Safety Accidents". We have established safety management systems including the "Work Safety Management Procedures", the "Work Safety Target Management System", the "Annual Safety Work Plan Management System", and the "Work Safety Target Decomposition and Implementation Plan Management System", to ensure that employees carry out their work in a safe and healthy working environment.

In 2024, we continued to refine our safety production management measures, specifically including:

- Accept the inspections from the safety supervision department and the municipal government, and proactively invite third-party assessments of safety risks;

- Implement a safety inspection mechanism, conduct safety inspections weekly, and eliminate potential safety hazards in production;

- Equip the building with fire extinguishers, fire hydrants, sprinkler systems, and safety alarms, and regularly schedule inspections to ensure that all facilities are in normal operating condition;

- Legally register chemicals that are "easy to be used for drug manufacturing and explosive production," and classify and store hazardous chemicals in designated areas. Hazardous waste is also disposed of by a qualified third-party in compliance with regulations;

- First aid materials such as medicine kits and eyewash solutions are fully equipped in both office and production areas, while laboratory areas are equipped with eyewash stations and ventilation measures;

- Conduct annual fire drills and emergency response exercises, ensuring full participation, and train employees to respond quickly and effectively save themselves and evacuate in the event of an emergency.

Occupational health management "B2, 2.3"

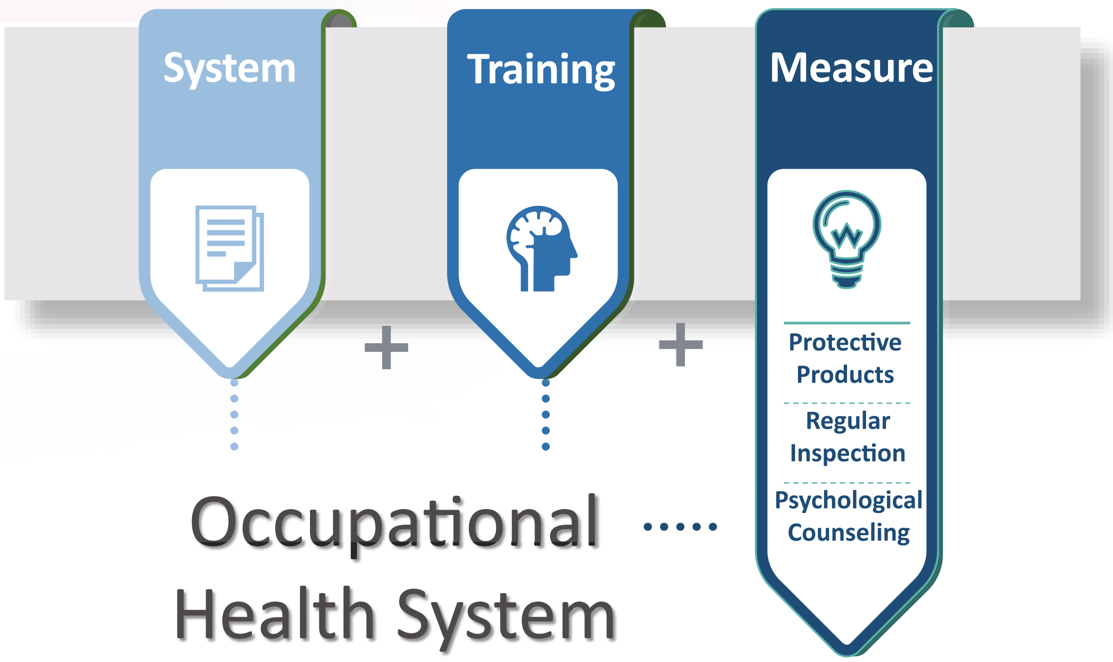
Peijia Medical has established a professional health management system to safeguard the health and safety of its employees. We continuously strengthen the organization and clarification of safety management systems and processes, clearly defining the safety responsibilities of personnel at all levels, thereby ensuring the safety of employees' production and daily life at the system level.

In order to enhance the safety awareness of employees, we have organized several safety education and training activities this year. We provide pre-employment safety training for each new employee, and each factory area also conducts internal health and safety training for all employees based on their specific situations.

We not only provide the production line staff with labor protection articles that meet national regulations, including PVC gloves, masks, earplugs, face shields, etc., but also implement special protection for positions that may be exposed to chemicals. In addition, we regularly organize staff health check-ups and offer psychological counseling services to safeguard the physical and mental health of employees.

HEALTH AND SAFETY (CONT'D)

Occupational health management "B2, 2.3" (cont'd)



Work-related injuries and other safety key performance indicators "B2.1, B2.2"

Safety Key Performance Indicator	Year	2022	2023	2024
	No. of Days Lost Due to Work-Related Injuries (days)	76	69	106
	No. of Work-Related Deaths (persons)	0	0	0
	Rate of Work-Related Deaths	0%	0%	0%

100%

Coverage of Safety Education and Training

0

Safety and Occupational Health Administrative Punishment

0

Production Safety Incidents with Serious Injuries or more

DEVELOPMENT AND TRAINING "B3 3.1 3.2"

The key to the development and enhancement of an organization lies in conducting high-quality training. The company builds a learning platform in line with its development needs, offering a variety of learning methods to help employees continuously improve their overall capabilities and enhance their performance at work. At the same time, the company also prioritizes learning and development opportunities for employees with high performance and potential, in order to assist employees in having better career development within the company.

This year, under the organization of the company's Human Resources Department, we carried out the following training programs:

Category	Course Classification
Management training	Middle management leadership enhancement
	Front-line management empowerment training
	On-site management by front-line team leaders
New employee training	New employee onboarding training
	Freshgraduate training
	New product and procedure training
Professional skills	Product measurement skills
	Research and Development Project Management
	Measurement System Analysis and Experimental Design
	Sales Communication Skills
	Project Reporting and Structured Thinking
Patent law	Patent database usage
	Popularization of intellectual property rights
	Patent Search and Information Interpretation
	Dynamic layout of patents in the product iteration process
	Training on the protection of trade secrets
System compliance	New employee position skill training
	Quality management system-related training
	Training for key/special position skills
	Clean Area Personnel Management System
	Safety Production and Protection Training
	Microbial basic knowledge and clean operation training
	Training on Medical Device Production Quality Management Standards and Relevant Provisions
	Training on medical device-related laws and regulations
	Annual Adverse Event Detection Training
	Medical Device Design and Development Control
	Product knowledge training

DEVELOPMENT AND TRAINING "B3 3.1 3.2" (CONT'D)

The direct supervisor of the employee will combine the performance management process, analyze the gap based on the position's capability requirements and the employee's actual work and performance, determine the learning and development solutions, and formulate the employee's learning and development plan, communicating and coordinating with the Human Resources Department. The Human Resources Department will develop training programs according to the needs of the business and organizational development, and regularly communicate training information with employees.

Staff Level	Number of Persons	
	Male	Female
Senior Management	6	4
Middle-level Management	12	5
Entry-level Staff	365	655

100% Trained Staff Rate

13.2Hours Avg. Training Hours

12.9 Hours Avg. training hours of male staffs

13.6 Hours Avg. training hours of female staffs

4.05Hours Avg. training hours of senior management

10.85Hours Avg. training hours of middle-level management

13.33Hours Avg. training hours of entry-level staff

Note:

The classification standard for "employee levels" is as follows:

1. Senior management: the senior management in the annual report;
2. Middle-level management: department heads and above;
3. Entry-level staff: other employees.

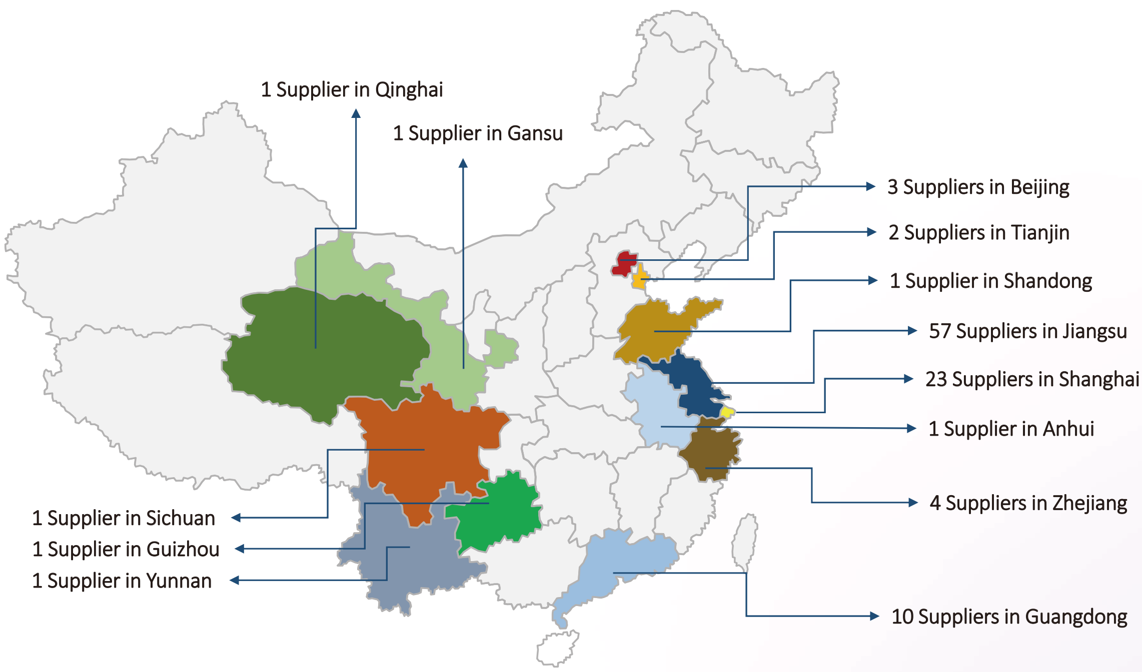
SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE"

Our group has established a relationship of mutual trust and cooperation with supplier partners, working together to provide patients with safe and effective products. We strictly adhere to the relevant laws and regulations such as the "Tendering and Bidding Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China", and have formulated management documents such as the "Procurement Control Procedures", "Supplier Development and Management Control Procedures", and "Supplier ESG Behavior Guidelines" to standardize supplier management work. We have established a supplier quality management team responsible for supplier access, review, withdrawal, and supply risk management in various aspects. We actively implement category management strategies, in accordance with risk management guidelines, by classifying the impact of materials or services on the functionality of finished products and the harm caused to people, divided into Class A, Class B, and Class C, to carry out differentiated supplier management.

Multiple suppliers "B5.1"

Over the years, we have persistently collaborated with suppliers from different regions, cultures, and backgrounds, striving to achieve a diversified supply chain. At the same time, we also prioritize cooperation with local suppliers to promote local economic development while reducing logistics costs.

This year, the company has established cooperative relationships with 133 suppliers from 8 countries around the world, including 106 domestic suppliers and 25 international suppliers.



SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Multiple suppliers "B5.1" (cont'd)

Supplier selection and evaluation "B5.2 5.3"

For new suppliers, we strictly enforce various entry standards. Initially, we conduct a preliminary screening of the enterprise's qualifications and legal compliance through publicly available external data. Subsequently, we evaluate the supplier's business conditions, registration documents, quality management, production environment, and production processes through a combination of online and offline audits. Only after passing the review by multiple departments can they qualify for entry.

We conduct annual audits on all material suppliers from five dimensions: product inspection pass rate, quality management system, delivery, service, and operational risk. For any issues identified, we inform the suppliers to make rectifications according to the management procedures. Suppliers that do not meet the standards will be disqualified.

In our interactions with suppliers, we also attach great importance to the impact of environmental and social risk factors. We expect our suppliers to comply with the laws, regulations, and standards related to the medical device industry and to adhere to the laws, regulations, and standards concerning environmental protection, safety production, and labor management during their operations. We encourage suppliers to use environmentally friendly products and give priority to collaborating with those who have a high level of sustainable development. We share the latest trends in sustainable development with our suppliers through training.

SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Supplier ESG management "B5.3 5.4"

This year, the company established the "Peijia Medical Limited Supplier ESG Behavior Guidelines," aiming to clarify the cooperation requirements between Peijia Medical and its suppliers in the field of ESG management, standardize the behavior of both parties in terms of environment, society, and governance, and ensure that the operational activities of both parties align with the principles of sustainable development. By adhering to these guidelines, we will work together with our suppliers to promote the greenification, socialization, and standardization of the supply chain, achieving a win-win situation for economic and social benefits.

We put forward requirements for supplier ESG management from three dimensions: environmental management, social management, and governance management, as follows:

Environmental management

1. Environmental Protection and Resource Utilization

   Suppliers should develop and implement comprehensive environmental protection policies to ensure that all operational activities meet national and local environmental regulations.

   Suppliers should establish an effective monitoring mechanism for pollutant emissions to ensure compliance with emission standards and strive to reduce emissions.

   Suppliers should optimize the production process, reduce energy consumption, improve energy efficiency, and promote the use of clean energy.

   Suppliers should prioritize environmentally friendly materials and renewable resources, reduce the use of harmful substances, and promote the construction of a green supply chain.

2. Waste management and recycling

   Suppliers should establish a comprehensive system for waste classification, collection, treatment, and recycling to ensure that waste is handled properly.

   Suppliers should actively promote the reduction, resourceization, and harmless treatment of waste, improving the recycling and utilization rate of waste.

   Suppliers should pay attention to the environmental impact of waste and ensure that the waste disposal process meets environmental requirements.

Social management

1. Employee Rights and Human Rights

   Suppliers should respect the personal dignity of employees and strictly prohibit any form of abuse, discrimination, and harassment.

   Suppliers should ensure that employees have equal opportunities for employment and are not subject to unfair treatment based on factors such as gender, race, age, or religious beliefs.

   Suppliers should ensure the labor rights of employees, including reasonable wages, working hours, rest, and leave, and adhere to international labor standards.

   Suppliers should provide a safe and healthy working environment, protecting employees from occupational injuries and health risks.

2. Prohibition of child labor

   Suppliers must strictly adhere to the laws and regulations prohibiting the use of child labor, ensuring that no child laborers below the legal working age are employed.

   Suppliers should establish a strict age verification mechanism to ensure that all employees meet the legal working age requirements.

SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Supplier ESG management "B5.3 5.4" (cont'd)

Social management (cont'd)

3. Community Relations and Public Welfare Participation

   Suppliers should actively establish good cooperative relationships with the community, participate in community construction and development, and promote community harmony and stability.

   Suppliers should pay attention to the development of social initiatives such as community education, healthcare, and environmental protection, providing necessary support and assistance.

   Suppliers should actively participate in public welfare activities, give back to society, and enhance corporate image and brand value.

Governance and Management

1. Corporate governance structure and decision-making mechanism

   Suppliers should establish a sound corporate governance structure to ensure transparent and compliant decision-making, and adhere to international best practices.

   Suppliers should establish effective decision-making mechanisms to ensure the scientificity, rationality, and sustainability of decisions.

   Suppliers should establish governance bodies such as the board of directors and board of supervisors, and clearly define their responsibilities and powers to ensure the effectiveness of corporate governance.

2. Business Ethics and Anti-Corruption

   Suppliers should adhere to business ethics and the principle of integrity and must not engage in any illegal or non-compliant business activities.

   Suppliers should establish anti-corruption mechanisms, strengthen internal controls, and prevent corrupt practices from occurring.

   Suppliers should ensure that business relationships with partners and suppliers are fair and transparent, and there should be no improper behaviors such as interest conveyance.

3. Information Disclosure and Transparency

   Suppliers should regularly disclose their ESG management status to our company, including performance and progress in environmental, social, and governance aspects.

   Suppliers should ensure the truthfulness, accuracy, and completeness of information disclosure and must not conceal or mislead information.

   Suppliers should actively respond to the concerns and demands of stakeholders, enhancing the transparency and credibility of information disclosure.

SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Supplier ESG management "B5.3 5.4" (cont'd)

Governance and Management (cont'd)

4. Mutual Confidentiality Obligations

   Both parties shall respect and protect each other's trade secrets and sensitive information, including but not limited to technical data, customer information, financial data, etc.

   Both parties shall take necessary confidentiality measures to ensure that the other party's information is not disclosed, misused, or obtained illegally.

   Without the written consent of the other party, neither party may disclose or use the other party's confidential information to any third party, unless otherwise provided by law or agreed upon by both parties.

   If a party breaches the confidentiality obligation, it shall bear the corresponding legal liability and compensate for the losses incurred to the other party as a result.

   Our company will regularly assess and audit the ESG management of suppliers to ensure that they comply with the provisions of these regulations.

   If the supplier violates the provisions of these regulations, the company reserves the right to require them to make rectifications within a specified time limit and, depending on the situation, may take further measures, including but not limited to terminating the cooperative relationship and imposing fines.

PRODUCT LIABILITY "B6"

Providing products that satisfy patients has always been the pursuit of Peijia Medical. We strictly adhere to the "Product Quality Law of the People's Republic of China", the "Civil Code of the People's Republic of China", the "Advertising Law of the People's Republic of China", the "Trademark Law of the People's Republic of China", the "Consumer Rights Protection Law of the People's Republic of China", the "Secrecy Law of the People's Republic of China", the "Regulations on the Supervision and Administration of Medical Devices", the "Administrative Measures for the Supervision and Administration of Medical Device Production", and the "Quality Management Standards for Medical Device Production" in all aspects of production and sales, etc. At the same time, we establish various internal management procedures, adhere to product quality, and safeguard the rights and interests of consumers in all directions. We always pursue the highest quality products, and this year, there have been no cases of "product recall" due to health/safety/quality issues.

PRODUCT LIABILITY "B6" (CONT'D)

Intellectual property protection "B6.3"

As an industry leader, we fully understand the importance of intellectual property protection and implement comprehensive control and management over intellectual property. In our business operations, we strictly abide by relevant laws such as the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Anti-Unfair Competition Law of the People's Republic of China. We have also established internal management systems, including a series of documents like the Intellectual Property Management System, the Intellectual Property Document Control Procedure, the Technical Secrets Management Methods, and the Intellectual Property Management Handbook, to more standardize the creation, application, management, and protection of intellectual property. Our intellectual property management system has been certified by a third-party certification company to clearly define the requirements of intellectual property management.

知识产权管理体系认证证书

证书号码：165IP220362ROM

兹证明

沛嘉医疗科技（苏州）有限公司

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知识产权管理体系符合标准：

GB/T29490-2013

通过认证的范围如下：

资质范围内心脏介入器械的研发、生产、销售，血管介入器械的研发的知识产权管理

注：认证注册范围不包括未获得有效的国家规定的相关行政许可、资质许可的产品/服务范围

初次发证日期：2022 年 04 月 20 日　　有效期至：2025 年 04 月 19 日

本证书有效期三年（2025 年 12 月 31 日前需依据 GB/T 29490-2023 完成换版审核），证书有效性通过年度监督确认保持。证书有效信息可登陆国家认证认可监督委员会官方网站 www.cnca.gov.cn 或中知（北京）认证有限公司官方网站查询。

签发：

IPMS

中知认证

本次发证日期：2024 年 04 月 17 日

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Intellectual Property Management System Certification Certificate

In the "Intellectual Property Management System" and the "Intellectual Property Management Handbook," we have stipulated the management processes for 1. Patent management, 2. Trademark management, 3. Intellectual property rewards and punishment system, 4. Intellectual property maintenance, evaluation, and utilization, and 5. Intellectual property infringement and litigation.

PRODUCT LIABILITY "B6" (CONT'D)

Intellectual property protection "B6.3" (cont'd)

Among these, in terms of the protection and safeguarding of intellectual property rights, the company has adopted the following measures:

Intellectual property maintenance

- Establish an intellectual property classification management file, create management ledgers separately according to patents and trademarks, and carry out daily updates; the content of the management ledger includes: application date, application number, name, project source, inventor, validity period, current legal status, implementation status, etc.

- Monitor intellectual property-related deadlines, including fee deadlines "such as patent application fees, patent licensing fees, annual fees, and other related costs" and time deadlines "including official opinion responses, invention patent substantive examination deadline monitoring, and patent and trademark validity period monitoring," and pay the corresponding maintenance fees for intellectual property and handle the corresponding maintenance procedures based on the evaluation results.

Intellectual property protection

1. The process for the company to address patent and trademark infringement
   - Establish an emergency team consisting of lawyers and patent engineers. Analyze whether the opponent's technology falls within the scope of patent or trademark protection, and assess the validity of the company's patents and trademarks.

   - Submit evidence of patent or trademark rights, collect information on infringers and evidence of infringement facts. Require the other party to cease infringement, clearly stating the infringing acts and legal liabilities.

   - Considering factors such as the amount of the lawsuit and the probability of success, choose to settle, arbitrate, or litigate. When necessary, apply to the court to prevent the continuation of infringing acts. Based on the actual situation, choose the approach that maximizes the interests of the enterprise.

2. The process for the company to respond to patent and trademark infringement allegations
   - Analyze the warning letter or lawsuit to confirm whether it is an action of the company. Establish an emergency team, including lawyers and responsible personnel from relevant departments. Verify the evidence of the other party to determine whether it constitutes infringement.

   - Investigate whether the patent or trademark rights are valid, and apply for a declaration of invalidity for the patent or trademark if necessary. Actively seek reconciliation to minimize losses, or prepare for litigation, collecting favorable evidence.

PRODUCT LIABILITY "B6" (CONT'D)

Product quality management "B6.4 6.1"

Our group strictly monitors each stage of the product lifecycle, continuously maintaining the effectiveness of the quality management system to ensure that every aspect, from design, production to launch, meets the relevant regulations and standards. We adhere to the ISO 14971:2007 risk management standard and have established the "Risk Management Control Procedure," utilizing scientific tools to identify, analyze, evaluate, and control risks throughout the entire process to ensure product safety and effectiveness. We have also established the "Non-conforming Product Control Procedure," which stipulates the process and requirements for handling non-conforming products, ensuring that all non-conforming events within the entire product lifecycle, from raw material procurement, production process to product delivery and use, can be effectively identified and addressed.

Product Lifecycle Quality Management

Design and development

We have established the "Design and Development Control Procedures," which control and regulate multiple stages such as design planning, design input, design output, design review, design verification, and design changes, to ensure that the design and development stages follow standard procedures and meet legal and regulatory requirements.

Purchasing raw materials

According to the relevant procurement procedures, Peijia strictly enforces quality inspection during the procurement process. Peijia requires suppliers to sign quality agreements, and in case of any issues, the quality team will work together with the supply chain team to address them. In order to further meet Peijia's "high requirements with small quantity" quality demands, Peijia implements a supplier guidance program, conducting on-site guidance for suppliers, continuously imparting the quality philosophy of the medical device industry to them. Peijia also actively carries out incoming material monitoring and ensures full-process visual monitoring. Depending on the risk level of the raw materials, either full inspection or sampling inspection is conducted. All incoming materials have unique information tags and, after procurement, enter the Enterprise Resource Planning "ERP" system to complete warehousing.

Achieva also rigorously monitors the procurement process and signs quality agreements with suppliers. Procurement staff first make purchases based on the technical department's drawings. After the raw materials arrive, quality inspection personnel conduct inspections according to the quality inspection documents generated by the quality engineer. If there is any abnormality, we will initiate a non-conformance review and carry out standardized disposal.

Product production

Our group implements the "Production and Service Provision Control Procedures" to standardize the production and service standard procedures. According to the provisions of the "Identification and Traceability Control Procedures," we retain records for all batch products. Quality control inspectors examine product performance based on the "Product Inspection Manual," verify product labels and manuals, and confirm that the products have been correctly packaged and sterilized, ultimately forming the inspection result documentation. Defective products will be either processed or destroyed.

We monitor the production process according to the standard operating procedure documents and conduct video archiving. For special or key processes, we carry out spot checks or full inspections and ensure proper patrol supervision to meet product quality standards. In addition, we invite third-party pest control companies to conduct monthly and quarterly pest control data analysis and review based on material and movement planning, ensuring a clean production environment.

PRODUCT LIABILITY "B6" (CONT'D)

Product quality management "B6.4 6.1" (cont'd)

Product Lifecycle Quality Management (cont'd)

Clinical trial

In the clinical trial phase, our group adheres to the requirements of the "Medical Device Clinical Trial Quality Management Practices" and the "Medical Device Clinical Evaluation Procedures," and has established more than 30 work process regulations, including the "Clinical Project Center Project Approval Process," the "Clinical Research Quality Control Process," and the "Clinical Research Center Monitoring Process," to ensure the standardization and safety of the clinical trial process. All of our clinical trial results and operations comply with the "Good Clinical Practice" (GCP) and the GCP guidelines issued by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH GCP).

We ensure the standardization of clinical trials. We only select hospitals approved by the National Medical Products Administration as clinical trial centers to carry out clinical trials. In the agreements signed with the hospitals, we clearly stipulate the purpose, timeline, structure, procedures, methods, and risks of the clinical trials. Before initiating the clinical trials, we have thorough discussions with the principal investigators to develop contingency plans for potential adverse reactions. After the ethical committee of the selected institution approves the clinical trial protocol, we will conduct feasibility and validation trials before the commercialization of the product. The operators must undergo rigorous training, simulation, and certification before conducting clinical trials. Each clinical trial participant will sign an Informed Consent Form before the trial begins to fully understand the background of the trial, the method of product use, and the rights of the participants. Participants have the right to choose whether to participate or withdraw from the trial and also have the right to use our product for free. Should any health damage occur during the trial, we will provide compensation.

Throughout the clinical trial process, we implement procedures such as the "Serious Adverse Event Reporting Process" to continuously monitor whether there are adverse reactions or quality issues with the medical devices. We follow up on the entire trial, closely observing various reactions of the participants after surgery. Any adverse events that occur are recorded in the original medical records and transcribed into the medical record report forms. We promptly handle adverse events to ensure the safety of the trial participants.

Finished products entering the warehouse

For finished products, we conduct inspections before and after outsourcing sterilization, and retain samples from different batches of finished products. Before the finished products are outsourced for sterilization, we test for initial contamination of bacteria and particles; after sterilization, we review the process parameter report issued by the other party and carry out spot checks to complete sterility confirmation and product performance testing.

Shipping and transportation

Before the product is shipped, we conduct extreme tests on the product to simulate the issues that may arise during transportation and reinforce product protection to prevent packaging damage. During the shipping process, we record the temperature data throughout the transportation from the warehouse to the hospital by monitoring the temperature of the transport vehicle and the product's own temperature tag, ensuring that the product temperature remains within the range of 5–25℃.

PRODUCT LIABILITY "B6" (CONT'D)

Product quality management "B6.4 6.1" (cont'd)

Product Lifecycle Quality Management (cont'd)

Post-listing supervision

After the product launch, we, in accordance with the established "Feedback Control Procedure" and "Post-Market Surveillance Control Procedure", track and understand the market response of the product through various channels to improve post-market risk management. Based on the "Management Methods for Monitoring and Re-evaluation of Adverse Events of Medical Devices", the "Notice of the National Medical Products Administration on Issuing the Guidelines for the Monitoring of Adverse Events by Medical Device Registrants 'No. 25, 2020'", and the "Shanghai Implementation Guidelines for the Management System of Medical Device Registrants Entrusted Production 'Trial' 'No. 36, 2018'", we have formulated the "Procedure for Monitoring and Re-evaluation of Adverse Events of Medical Devices". This procedure clarifies the personnel organization and workflow of the adverse event working leadership group, as well as the process for the collection, reporting, analysis, and re-evaluation of adverse events.

We receive adverse event information through channels such as the customer complaint team, Clinical Support (CS) team, and individual completion of the "Customer Feedback Form". After the adverse event specialist receives the information, it is processed, and the situation is evaluated by the Marketing Department, Quality Department, and Technical Department. If the issue is related to physician operation, the market team will convey the message to the sales team to follow up on customer usage training. If there is indeed a problem with product safety, we will take measures such as suspending production and sales, and in accordance with the "Advisory Notifications and Product Recall Control Procedures", we will promptly disclose risk information to the public, report to regulatory authorities, and carry out a recall. In 2024, our group did not experience any product recall events due to safety and health reasons.

In addition, we also conduct post-marketing clinical follow-up and regularly carry out risk assessments through the Food and Drug Administration (FDA) database of similar products, journal literature, public reports, conferences, and other means to understand the performance of the product after it has been launched, continuously monitoring the safety and health of patients and users.

PRODUCT LIABILITY "B6" (CONT'D)

Quality training

To enhance the awareness and understanding of medical device regulations, the company periodically conducts regulatory training, targeting different regulatory elements and departmental responsibilities, which has achieved high participation and recognition from the relevant departments.

Medical device regulation training

In order to promptly share external regulations and regulatory updates, the company has organized a weekly medical device regulation workshop since August 2024. To date, 13 training sessions have been conducted with significant results.

Regulations of Medical Devices Mini Classroom

PRODUCT LIABILITY "B6" (CONT'D)

Information security and privacy protection "B6.5"

Information security

We strictly adhere to the "Cybersecurity Law of the People's Republic of China," the "Data Security Law of the People's Republic of China," and the "Personal Information Protection Law of the People's Republic of China," among other national laws and regulations, and have formulated "Information Security Management System," "Data Backup and Recovery System," and "Data Encryption System" at the company level.

We encrypt information that involves company secrets or is critical, strictly prohibiting any personnel from taking company documents away from the premises on personal storage media such as CDs, USB flash drives, or external hard drives. The IT department is responsible for backing up various information system software, database software, and commonly used office software, and must handle version control and related updates. The IT department should adopt backup strategies including cyclic full backups and incremental backups to regularly back up data from various information systems, allowing for the restoration of data to its optimal state in the event of a system failure. All users are required to regularly change the passwords for their computers and information systems, for instance, every three months. In the event of a password leak or anomaly, users must change their passwords immediately and inform the IT department.

In addition, to enhance the awareness of information security among employees, we have incorporated information security lectures into the onboarding training for new employees, popularizing information security knowledge among the staff.

Protection of trade secrets

We have formulated the "Company's Technical Secret Management Measures" in accordance with GB/T 29490–2023 "Enterprise Intellectual Property Compliance Management System" and T/PPAC 701–2021 "Enterprise Commercial Secret Management Specification". The measures clarify the confidentiality responsibilities of various departments within the company and stipulate provisions from aspects such as classification management, determination and alteration of technical secrets and their classifications, management of confidential technical information, management of confidential carriers, management of confidential areas, and management of confidential personnel, to ensure the effectiveness of the company's commercial secret management.

Patient privacy protection

We respect patient privacy, ensuring that the use of patient information is compliant, and we never leak or misuse patient information. In the process of clinical trials, we adhere to strict patient privacy protection procedures. Before the commencement of clinical trials, patient screening and follow-up are all completed through a third-party core laboratory system. After the patient signs the "Informed Consent Form," the patient's information will undergo de-identification processing and be correspondingly saved in the form of a number. During the clinical trial, we only use patient number information and do not have direct contact with patients. The publication of clinical trial results also does not include any information related to patient privacy.

PRODUCT LIABILITY "B6" (CONT'D)

Complaint handling "B6.2"

The company has established the "Complaint Handling Control Procedure," which stipulates the acceptance of complaints, the determination of complaint validity, complaint investigation, adverse event determination and recall, complaint handling measures, and complaint data analysis.

We obtain customer complaint information through channels such as medical institutions and external distribution platforms. Based on the content of the complaints received, the complaint coordinator organizes relevant departments to review them. According to the review results, suggestions for handling the complaints are provided.

- Non-quality factors: If the investigation determines that activities outside the company led to the complaint, relevant information should be exchanged between the company and the involved external parties. In the case of complaints caused by improper transportation, the Sales Department should conduct a cause analysis and retrain carriers or distributors if necessary. For cardiac valves products, if a customer complaint is due to a doctor's procedure, the Medical Department should take the lead in analyzing the primary causes, identifying operational points of attention, analyzing medical imaging, etc., and retraining doctors if necessary.

- Quality Factor: Complaints arise from customers during the use of a product due to inherent quality issues that prevent the product from achieving its therapeutic purpose. After investigation and analysis, if it is determined that the complaint is due to a quality factor, the process of the investigation, risk analysis, root cause, correction, corrective actions, and preventive measures should be documented.

In 2024, the Company's complaint response rate was 100%, with a complaint rate of 0.26% for Transcatheter Valve Therapeutic product and 0.37% for Neurointerventional products.

ANTI-CORRUPTION MANAGEMENT "B7"

At Peijia Medical, we adhere to high standards of corporate ethics and transparency, adopting a zero-tolerance attitude towards any form of bribery and corruption. We strictly comply with the "Anti-Money Laundering Law of the People's Republic of China," the "Anti-Unfair Competition Law of the People's Republic of China," and other relevant laws and regulations, and have established policies and systems such as the "Anti-Fraud Management Measures," explicitly prohibiting any illegal and non-compliant behaviors such as corruption and bribery.

Anti-fraud management "B7.1 7.2"

To ensure the efficiency and integrity of the venture's operations, we continuously promote the principles and regulations against corruption to all employees and partners, and have established a comprehensive prevention and supervision mechanism to eliminate the occurrence of corrupt practices. In accordance with the legal regulations for listed companies, securities trading markets, and the requirements of regulatory authorities, we have detailed various types of violations, punishment types, punishment principles, and investigation procedures in the "Anti-Fraud Management Measures" based on the actual situation of the company, thereby ensuring the transparency and integrity of the venture's operations.

ANTI-CORRUPTION MANAGEMENT "B7" (CONT'D)

Anti-fraud management "B7.1 7.2" (cont'd)

We have established reporting and complaint channels to prevent and detect fraud, implemented control measures to reduce the likelihood of fraud, and taken appropriate and effective remedial actions against fraudulent behavior. The company ensures the smooth operation of reporting channels such as the reporting mailbox, hotline, and email, and the Secretary's office strictly keeps the confidentiality of the reporters and the content of the reports. The company encourages employees, as well as enterprises or individuals with business transactions, to report anonymously. If the content of the report is verified to be true, the company will provide rewards in accordance with relevant regulations. Currently, the reporting reception channels established by the company are as follows:

- Email: whistleblowing@peijiamedical.com
- Hotline: (0512) 81877166–8176
- Physical suggestion box: Setting up multiple suggestion boxes in areas such as the company cafeteria.

We strictly prohibit retaliation against whistle-blowers and witnesses. Those who retaliate against whistle-blowers or related witnesses will be dealt with accordingly in accordance with relevant regulations, "including but not limited to removal from office, termination of labor contracts, etc." For serious circumstances that violate the law, the case will be transferred to judicial authorities for legal handling.

We also pay special attention to preventing corruption that may arise in business transactions. When entering into cooperation with key new suppliers, we require the suppliers to sign a "Compliance Commitment Letter" to regulate the behavior of both parties during the cooperation process. In the sales process, our anti-corruption measures are equally strict. The Group includes anti-commercial bribery as a contractual clause with distributors or distributor platforms and establishes a strict pricing system and approval process to ensure integrity and honesty in the sales process.

In 2024, we are proud to announce that our group and employees have not been involved in any cases related to corruption, bribery, extortion, fraud, or money laundering. This achievement is due to our steadfast commitment to corporate governance, strict requirements on employee behavior, and the continuously strengthened internal supervision and risk management mechanisms. We will continue to adhere to this high standard and further enhance employees' awareness of integrity and self-discipline through regular training and advocacy, in order to maintain the company's good image and market-leading position.

Business ethics management "B7.1 7.2"

In order to establish and perfect the business ethics regulation system of Peijia Medical, popularize the core values of the company, promote compliance and ethical integrity construction, enhance the company's capability of governing the enterprise according to law and managing business ethics regulations, and maintain the company's good reputation and brand value, the Secretary's Office of the Board of Directors formulated the "Peijia Medical Co., Ltd. Business Ethics Regulation Guide" in 2024, which will become effective upon approval by the Board of Directors.

The Board of Directors' Audit Committee serves as the leadership body for managing business ethics standards, responsible for overseeing the comprehensive implementation of this guideline, creating favorable conditions for all personnel to comply with the guideline, and supporting and deciding on the corresponding punishment for those who violate the guideline. The person in charge of the Secretary's Office or their designated personnel are responsible for the establishment, promotion, supervision, and other work related to the business ethics standards mechanism.

The "Business Ethics and Compliance Obligations Guidelines of Peijia Medical Limited" stipulates the corresponding obligations that should be undertaken at both the corporate and employee levels from two parts: "Corporate Ethics and Compliance Obligations" and "Employee Ethics Behavior Guidelines", as follows:

ANTI-CORRUPTION MANAGEMENT "B7" (CONT'D)

Business ethics management "B7.1 7.2" (cont'd)

Anti-corruption training "B7.3"

In 2024, we invited a law firm to conduct a special training on "Pharmaceutical Anti-Corruption — Legal Risk Prevention and Compliance Requirements", which lasted for one hour and was attended by a total of 447 employees, including 10 executives.

COMMITTED TO SOCIETY "B8"

Peijia Medical adheres to the philosophy of "Caring for Patients, Caring for Medical Professionals, Caring for China". Through continuous innovation, it provides high-quality and affordable products for a wide range of patients, promotes industry development, and continuously creates the greatest value for society. By the end of 2024, our group has launched 23 products, and our products have accumulated entry into more than 2,000 hospitals, continuously providing customers with safe, effective, and affordable products and solutions, treating both the heart and the brain, safeguarding the life and health of patients. In 2024, our group donated a total of RMB2,408,774 to external recipients.

Promote industry development

The "Peijia Medical Academy" is a professional clinical education and training center under the Peijia Medical, encompassing both online and offline educational platforms. It aims to promote the popularization of TAVR technology through surgical demonstration teaching, academic hot-topic discussions, case analysis, patient diagnosis, and screening, among other methods. The Peijia Medical Academy has training classrooms, laboratories, and operating rooms offline, where it can carry out professional training, imaging training, and surgical broadcasting activities. Online brand activities include roundtable discussions, cloud classrooms, and imaging reading competitions, helping more practitioners engage in professional learning and communication online. Since the official launch of the platform in June 2022, with the continuous output of high-quality content and innovative online professional education model, The Peijia Medical Academy has developed into a leading digital education brand in the field of TAVR. The platform has 1,392 registered users, 84.3% of whom are clinical practitioners. The number of WeChat public number fans has exceeded 4,500, and the cumulative readership of the platform's professional articles has exceeded 44,000.

APPENDIX: DATA STATISTICS

Environmental Category	Data in 2024	Unit
Energy consumption		
Direct energy consumption		
Gasoline	**17,213.46**	Liters
Total direct energy consumption	**162.31**	mWh
Indirect energy consumption		
Purchased electricity	**8,677,390**	kWh
Purchased steam	**39,977.4**	Tonnes
Total indirect energy consumption	**11,760.94**	mWh
Total energy consumption		
Total energy consumption	**11,923.25**	mWh
Total energy consumption intensity	**11.39**	mWh/capita
Emissions		
Non-methane total hydrocarbons	**28,162,500**	Cubic meters
Greenhouse gas emission		
Scope 1 — Direct emission	**35.75**	Tonnes
Scope 2 — Indirect emission from energy consumption	**6,420.58**	Tonnes
Total emission	**6,456.33**	Tonnes
Total emission intensity	**6.17**	Tonnes/capita
Packaging material		
Total packaging material consumption	**31.7**	Tonnes
Total packaging material consumption intensity	**1.34**	Kilograms/product piece
Water consumption		
Total water consumption	**18,069**	Tonnes
Total water consumption intensity	**17.26**	Tonnes/capita
Waste generation		
Hazardous waste	**91.07**	Tonnes
Hazardous waste intensity	**0.09**	Tonnes/capita
Non-hazardous waste	**225**	Tonnes
Non-hazardous waste intensity	**0.21**	Tonnes/capita

APPENDIX: DATA STATISTICS (CONT'D)

Social responsibility Category	Unit	Data in 2024
Employee data		
Employees	Total number	**1,047**
Gender	Male	**383**
	Female	**664**
Age	Below 30	**255**
	30–50	**779**
	Over 50	**13**
Employee type	Regular staff	**859**
	Labor	**6**
	Outsourcing	**182**
Employee level	Frontline	**408**
	Employee	**629**
	Executives	**10**
Location	Suzhou	**754**
	Shanghai	**27**
	Others	**266**
Employee turnover rate		
General data	Total number	**263**
	Turnover rate	**20.4%**
Turnover rate by gender	Male	**6.6%**
	Female	**13.8%**
Turnover rate by age group	Below 30	**6.3%**
	30–50	**14.0%**
	Over 50	**0.1%**
Geographical location	Suzhou	**12.3%**
	Shanghai	**3.7%**
	Others	**4.4%**

APPENDIX: DATA STATISTICS (CONT'D)

Social responsibility Category	Unit	Data in 2024
Staff training data		
Staff training	Number of trained employees	**1,047**
	Percentage of trained employees	**100%**
Gender	Male	**383**
	Female	**664**
Position	Senior management	**10**
	Middle management	**17**
	Frontline staff	**1,020**
Average training hours for staff		
Average training hours for staff Average training hours	Hours	**13.2**
Gender	Male	**12.9**
	Female	**13.6**
Position	Senior management	**4.05**
	Middle management	**10.85**
	Frontline staff	**13.33**
Employee health and safety data		
Work-related mortality	2022	**0**
	2023	**0**
	2024	**0**
Number of lost days due to work injury in 2024	Days	**106**
Suppliers distribution		
Total number of suppliers	Suppliers	**133**
China	Percentage	**80%**
Overseas	Percentage	**20%**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Peijia Medical Limited
沛嘉醫療有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Peijia Medical Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 164 to 244, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
During the year ended December 31, 2024, revenue from sales of medical devices approximated to RMB615,483,000. Revenue are recognized at a point in time that control of the products is transferred, being when the products are delivered to and accepted by the customers as set out in Note 7. We identified the occurrence assertion of the Group's revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and its significance to the Group's consolidated financial statements which increase the risk of misstatement of revenue recognition.	We performed the following audit procedures on the revenue recognition: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition; • inspecting, on a sample basis, sales contracts with key customers to identify terms and conditions relating to the transfer of control and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards; • testing sales transactions, on a sample basis, by examining relevant supporting documents including sales orders, goods logistic records, and invoices, etc.; • performing confirmation procedures on sales transactions with customers, on a sample basis, and performing alternative procedures on uncollected confirmations; • matching sales amounts in value-added tax declaration documents with corresponding group entities' books and records, and reconciling if any discrepancy exists.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of licensed-in technologies not available for use	
The Group had licensed-in technologies not available for use of RMB447,359,000 in the Group's consolidated financial statements as at December 31, 2024. The Group is required to perform impairment test of such licensed-in technologies not available for use on an annual basis, based on their recoverable amount. The recoverable amounts of intangible assets not available for use have been determined based on the higher of fair value less cost to sell and value in use. In respect of the value in use calculation, the Group use cash flow projections based on a financial budget. Details as set out in Notes 5 and 17. We considered the impairment assessment of licensed-in technologies not available for use as a key audit matter, given the management judgements and assumptions involved in the recoverable amounts calculation, including expected timing of the product candidates' commercialization, gross profit margin, revenue growth rate and discount rate.	We performed the following audit procedures on the impairment assessment of licensed-in technologies not available for use: • obtaining an understanding of and assessing the design and implementation of key internal controls in relation to the Group's impairment assessment of licensed-in technologies not available for use; • evaluating the competence, capabilities and objectivity of the independent valuer engaged by management; • involving our internal valuation specialists to assess the appropriateness of methodology used in the preparation of the discounted cash flow forecast by reference to industry practices and valuation techniques, and the discount rate applied by benchmarking against those of comparable companies; • assessing the reasonableness of the key assumptions e.g. expected timing of the product candidates' commercialization, gross profit margin and revenue growth rate; • checking the arithmetical accuracy of the cash flow forecast.

OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tse Ming Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 25, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2024

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	7	**615,483**	441,126
Cost of sales	10	**(181,862)**	(115,756)
Gross profit		**433,621**	325,370
Other income	8	**19,240**	19,716
Other gains and losses	9	**(9,346)**	(15,808)
Selling and distribution expenses	10	**(328,340)**	(324,981)
Administrative expenses	10	**(151,100)**	(141,637)
Research and development expenses	10	**(203,420)**	(293,420)
		(239,345)	(430,760)
Finance income	11	**22,480**	39,437
Finance costs	11	**(4,736)**	(178)
Finance income — net		**17,744**	39,259
Loss before tax		**(221,601)**	(391,501)
Income tax expense	12	**(6,891)**	(1,052)
Loss and total comprehensive expense for the year		**(228,492)**	(392,553)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(226,576)**	(392,525)
Non-controlling interests		**(1,916)**	(28)
		(228,492)	(392,553)
Losses per share	14		
— Basic and diluted (RMB)		**(0.34)**	(0.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Notes	At December 31, 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*15*	**650,417**	453,971
Right-of-use assets	*16*	**45,339**	44,634
Intangible assets	*17*	**655,997**	527,874
Financial assets at fair value through profit or loss ("**FVTPL**")	*18*	**316,814**	287,058
Term deposits	*21*	**10,000**	100,000
Other non-current assets		**23,141**	20,935
		1,701,708	1,434,472
Current assets			
Inventories	*19*	**140,779**	170,648
Trade and other receivables	*20*	**101,038**	80,211
Prepayments	*20*	**32,659**	43,708
Financial assets at FVTPL	*18*	**14,745**	77,157
Term deposits	*21*	**31,039**	70,000
Bank balances and cash	*21*	**666,736**	795,768
		986,996	1,237,492
Current liabilities			
Trade and other payables	*22*	**349,563**	137,835
Tax payable		**1,269**	—
Borrowings	*23*	**89,775**	13,828
Lease liabilities	*16*	**2,090**	2,586
		442,697	154,249
Net current assets		**544,299**	1,083,243
Total assets less current liabilities		**2,246,007**	2,517,715

Consolidated Statement of Financial Position

As at December 31, 2024

	Notes	At December 31, 2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	*25*	**16,782**	20,320
Borrowings	*23*	**158,312**	203,594
Deferred income	*24*	**20,773**	13,104
Lease liabilities	*16*	**3,221**	1,127
Other payables	*22*	**2,320**	5,490
		201,408	243,635
Net assets		**2,044,599**	2,274,080
Capital and reserves			
Share capital and share premium	*26*	**6,323,817**	6,359,128
Reserves		**(4,295,774)**	(4,085,020)
Equity attributable to owners of the Company		**2,028,043**	2,274,108
Non-controlling interests		**16,556**	(28)
Total equity		**2,044,599**	2,274,080

The consolidated financial statements on pages 164 to 244 were approved and authorized for issue by the Board of Directors on March 25, 2025 and are signed on its behalf by:

Yi ZHANG
Chairman, Chief Executive Officer, Executive Director

Hong YE
Board Secretary, Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2024

	Notes	Share capital and share premium RMB'000 Note 26	Other reserves RMB'000 Note 28	Treasury shares held in a trust RMB'000 Note 27	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attribute to owners of the Company						
At January 1, 2023		6,369,548	63,617	(82,739)	(3,712,811)	2,637,615	*	2,637,615
Loss and total comprehensive expense for the year		—	—	—	(392,525)	(392,525)	(28)	(392,553)
Exercise of share options	*26,29*	8,604	(3,181)	—	—	5,423	—	5,423
Restricted share units vested	*26, 27,29*	(19,024)	(6,835)	29,009	—	3,150	—	3,150
Share-based compensation expenses	*29*	—	20,445	—	—	20,445	—	20,445
At December 31, 2023		6,359,128	74,046	(53,730)	(4,105,336)	2,274,108	(28)	2,274,080
Loss and total comprehensive expense for the year		—	—	—	(226,576)	(226,576)	(1,916)	(228,492)
Restricted share units vested	*26,27,29*	**(8,619)**	**—**	**10,712**	**—**	**2,093**	**—**	**2,093**
Share-based compensation expenses	*29*	**—**	**5,110**	**—**	**—**	**5,110**	**—**	**5,110**
Acquisition of shares by the Company	*26(b)*	**—**	**—**	**(26,692)**	**—**	**(26,692)**	**—**	**(26,692)**
Cancellation of issued shares	*26(b)*	**(26,692)**	**—**	**26,692**	**—**	**—**	**—**	**—**
Capital injection by non-controlling shareholders		**—**	**—**	**—**	**—**	**—**	**18,500**	**18,500**
At December 31, 2024		**6,323,817**	**79,156**	**(43,018)**	**(4,331,912)**	**2,028,043**	**16,556**	**2,044,599**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Operating activities		
Loss before tax	**(221,601)**	(391,501)
Adjustments for:		
Finance income — net	**(17,744)**	(39,259)
Net exchange differences	**(10,709)**	(18,271)
Amortization of deferred income	**(739)**	—
Depreciation and amortization	**59,056**	42,802
Fair value change of financial assets at FVTPL — net	**14,978**	(4,049)
Share-based compensation expenses	**10,120**	28,250
Loss from foreign exchange forward contracts	**4,826**	27,378
Write-down of inventories	**5,209**	1,004
Loss on disposal of property, plant and equipment	**372**	219
Others	**—**	278
Operating cash flows before movements in working capital	**(156,232)**	(353,149)
Decrease (increase) in inventories	**24,660**	(44,469)
Decrease in prepayments and trade and other receivables	**39,617**	29,114
Increase (decrease) in trade and other payables	**94,697**	(258,967)
Cash generated from (used in) operations	**2,742**	(627,471)
Income taxes paid	**(7,922)**	(3,443)
Net cash used in operating activities	**(5,180)**	(630,914)
Investing activities		
Payments for acquisitions of property and equipment	**(249,137)**	(175,624)
Withdrawal of term deposits	**(41,039)**	—
Payments for investments	**(31,438)**	(42,980)
Net payments for settlement of foreign exchange forward contracts	**(4,826)**	(27,378)
Payments for acquisitions of intangible assets	**(30,969)**	(140,561)
Placement of term deposits	**170,000**	—
Interest received	**35,290**	36,207
Receipts of assets-related government grants	**8,408**	11,384
Proceeds from early redemption of a financial asset at FVTPL	**3,334**	—
Proceeds from disposal of property, plant and equipment	**—**	252
Net cash used in investing activities	**(140,377)**	(338,700)

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Financing activities		
Proceeds from bank borrowings	**53,000**	146,479
Capital injection by non-controlling shareholders	**18,500**	—
Acquisition of shares by the Company	**(26,692)**	—
Repayment of bank borrowings	**(22,371)**	(56,000)
Proceeds from exercise of share options	**—**	4,055
Interest paid	**(8,896)**	(6,176)
Principal elements of lease payments	**(3,166)**	(3,412)
Net cash generated from financing activities	**10,375**	84,946
Net decrease in cash and cash equivalent	**(135,182)**	(884,668)
Cash and cash equivalents at beginning of the year	**795,768**	1,669,665
Exchange gains on cash and cash equivalents	**6,150**	10,771
Total cash and cash equivalents at end of the year, represented by bank balances and cash	**666,736**	795,768

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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic and neurointerventional procedural medical devices in the People's Republic of China (the "**PRC**") and other countries.

The respective addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

These consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS accounting standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUTING STANDARDS (CONT'D)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after January 1, 2025.
3 Effective for annual periods beginning on or after January 1, 2026.
4 Effective for annual periods beginning on or after January 1, 2027.

Except as described below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment losses.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Since the Group's investments in unlisted investees are with preferential rights and redemption options, the Group applies IFRS 9 including the impairment requirement to which the equity method is not applied and which form part of the net investment in the investees and classified as financial assets at FVTPL in the Group's consolidated financial statements. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 7.

Leases as lessee

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group leases properties and land use rights in the PRC as lessee. Rental contracts of properties are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Land use right is made for fixed periods of 30 to 50 years.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases as lessee (Continued)

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The consideration paid to lease the state-owned or collectively-owned land in the PRC are treated as prepayment for land use rights and included in right of use assets, which are stated at cost less accumulated amortization and impairment loss, if any. Land use rights are amortized over the lease period using straight-line method.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Lease liabilities include the net present value of fixed payments.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets comprise equipment and small items of office furniture.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**Functional Currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the consolidated statement of profit or loss and other comprehensive income.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Where the grants relates to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset on straight-line basis or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Employee benefits

Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated statement of financial position.

Share-based payments

Equity-settled share-based payments transactions

The Group operates stock options granted to employees, under which the entity receives services from employees, as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated financial statements. For services from employees, the total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Share-based payments (cont'd)

Equity-settled share-based payments transactions (cont'd)

At the end of each year, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

Share-based payment transaction with cash alternatives

The Group operates a share-based compensation plan, under which the entity receives services from employees and other qualifying participants and the terms of the plan provide the employees and other qualifying participants with a choice of whether the entity settles the transaction in cash or by issuing equity instruments.

For this kind of share-based payment transactions, the Group is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the debt component and then measures the fair value of the equity component taking into account the counterparty must forfeit the right to receive cash in order to receive equity instrument. The fair value of the compound financial instrument is the sum of the fair values of the two components.

At the end of each reporting period and the date of settlement, the Group re-measure the liability to its fair value with any changes in fair value recognized in profit or loss. If the cash option expires or the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full. Any equity component previously recognized shall remain within equity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Share-based payments (cont'd)

Share-based payment transaction among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Taxation (Continued)

Deferred income tax (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment, are stated at historical cost or acquisition cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

	Years	Residual value
Buildings	20	5%
Furniture	5	5%
Electronic equipment	3	5%
Machinery	10	5%
Vehicles	5	5%
Leasehold improvements	3–10	—

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Property, plant and equipment (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in other gains and losses to the consolidated statement of profit or loss and other comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at historical cost or acquisition cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as interest expenses during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and commence to depreciate and amortize.

Intangible assets

Goodwill

Goodwill is measured as described in Note 17. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Technologies

Certain technologies are for in-licenses and in-process research and development ("**IPR&D**"), with non-refundable upfront payment, milestone payment and royalty payment. These milestone payments are capitalized as intangible assets when incurred if the payment is due on a verifiable outcome, and are treated as research and development expenditures if it is due for the execution of outsourced research and development work. If a technology is acquired in a business combination, it is capitalized as intangible asset measured at fair value at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Intangible assets (cont'd)

Technologies (cont'd)

Technologies are assessed to be either finite or indefinite. Technologies have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of technologies over the shorter of the licensed period and their estimated useful lives from the point at which the asset is available for use. The Group determined the acquired technologies as in Note 17 to have a useful life of 15 years based on periods that acquired technologies can generate economic benefits under current business needs. Technologies with indefinite useful lives or not available for use are not amortized but tested for impairment annually either individually or at the cash-generating unit level. The impairment test would compare the recoverable amount of the intangible asset to its carrying value. The estimated life of a technology with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the estimated life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 3 years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

Research and development expenditures

Research and development cost comprise all costs that are directly attributable to research and development activities (relating to the design and testing of new or improved high end medical instruments). Research and development costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the medical instruments so that it will be available for use or sale;
- management intends to complete the medical instruments, and use or sell it;
- the ability to use or sell the medical instruments;
- it can be demonstrated how the medical instruments will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the medical instruments; and
- the expenditure attributable to the medical instruments during its development phase can be reliably measured.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Intangible assets (cont'd)

Research and development expenditures (cont'd)

Other research and development expenditures that do not meet these criteria are charged to expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Impairment on non-financial assets

Goodwill and intangible assets not available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each year.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and banks, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories including raw materials, materials in transit, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventories are determined after deducting discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Classification and subsequent measurement of financial assets (cont'd)

The Group's other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

The Group's financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized as other gains and losses in the consolidated financial statements.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, term deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on all other instruments are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If no significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as 12-month expected credit losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Impairment of financial assets subject to impairment assessment under IFRS 9 (cont'd)

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

For financial assets measured at amortized cost and at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized as other gains and losses in the consolidated financial statements, as Note 9.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Derecognition of financial assets (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

In both the current and prior years, the Group's financial liabilities are classified as subsequently measured at amortized cost.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized as net foreign exchange gain included in the other gains and losses in the consolidated financial statements, as Note 9 for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or expires.

4. FINANCIAL RISK MANAGEMENT

4.1 Categories of financial instruments

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Financial assets		
At amortized cost	**804,274**	1,042,694
At FVTPL	**331,559**	364,215
Financial liabilities		
At amortized cost	**536,149**	303,135
At FVTPL	**10,186**	13,138

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management of the Group. The Group might enter into certain foreign exchange forward contracts to hedge certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' Functional Currency. Functional Currency of the Group's entities are RMB.

Certain bank balances and cash, other receivables, financial assets at fair value through profit or loss and trade and other payables are denominated in foreign currencies of respective group entities. The Group is exposed to foreign exchange risk, primarily in United States Dollar ("**USD**") and Hong Kong Dollar ("**HKD**"). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

The following details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against USD and HKD. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates for the purpose of assessing foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year ended for a 5% (2023: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where RMB strengthen 5% (2023: 5%) against USD and HKD and vice versa.

	Impact on net loss for the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
RMB/USD	**(23,225)**	(26,092)
RMB/HKD	**(3,942)**	(11,375)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's floating interest-rate borrowings.

The Group has not hedged its cash flow or fair value interest-rate risk. As at December 31, 2024, the Group's borrowings at floating rate amounted to approximately RMB248,087,000 (2023: RMB217,422,000).

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

As at December 31, 2024, if the interest rates on borrowings at floating rates had been 10% higher/lower with all other variables held constant, the Group's interests on borrowings would have been higher/lower by approximately RMB893,000 (2023: RMB658,000), representing RMB464,000 (2023: nil) higher/lower in finance costs and RMB429,000 (2023: RMB658,000) higher/lower in the capitalized interest.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Other price risk

The Group is exposed to price risk through its investments in unlisted equity investments, unlisted debt investments and liabilities arising from share-based payments with cash alternative, all of which are measured at FVTPL. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to price risk at the reporting date. If the prices of the respective instruments had been 1% higher/lower, the Group's post-tax loss for the year would decrease/(increase) by the RMB3.2 million (2023: RMB3.5 million), as a result of the changes in fair value of the Group's unlisted equity investments, unlisted debt investments and liabilities arising from share-based payments with cash alternative.

(b) Credit risk

Credit risk mainly arises from bank balances, term deposits and trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(i) Risk management

To manage this risk, bank balances and term deposits with respective interest receivables are mainly placed with state-owned banks or reputable commercial banks which are high-credit-quality financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually around 60 days and the credit quality of these customers is assessed, which takes into account their available financial information, past experience and other factors.

For other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(ii) Impairment of financial assets

The Group's financial assets that are subject to the ECL assessment, include bank balances, term deposits and trade and other receivables.

Bank balances and term deposits

The Group expects that there is no significant credit risk associated with bank balances and term deposits with respective interest receivables since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Bank balances and term deposits with respective interest receivables are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss for all trade receivables.

The expected loss rates are based on historical loss rates and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

At December 31, 2024, the Group had concentration of credit risk for its trade receivables as 100% (2023: 100%) of the amount was attributable to the Group's two customers. Since the trade receivables were due from two distribution companies with good creditability, the management considered that the Group's credit risk was low and ECL was minimal at December 31, 2024 and 2023.

Other receivables

Management has assessed that during the year, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The directors of the Group do not expect any losses from non–performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

The following table presents the Group's contractual maturities of financial liabilities at December 31, 2024 at undiscounted amounts:

	Weighted average interest rate RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	3.53%	91,793	157,462	10,279	—	259,534
Trade and other payables	—	288,062	—	—	—	288,062
Lease liabilities	4.75%	2,283	1,880	1,481	—	5,644
		382,138	159,342	11,760	—	553,240

The following table presents the Group's contractual maturities of financial liabilities at December 31, 2023 at undiscounted amounts:

	Weighted average interest rate RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	3.6%	21,770	61,720	155,193	—	238,683
Trade and other payables	—	85,713	—	—	—	85,713
Lease liabilities	4.75%	2,709	1,177	—	—	3,886
		110,192	62,897	155,193	—	328,282

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt and raise new fundings.

The Group monitors capital (including share capital and share premium, and other reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

4.4 Fair value estimation

The carrying amounts of the Group's financial instruments measured at amortized costs approximate their fair values.

The following table presents the Group's assets that were measured at fair value at December 31, 2024 and 2023:

	At Level 3 At December 31,	
	2024	2023
	RMB'000	RMB'000
Assets:		
Financial assets at fair value through profit or loss		
— Unlisted equity investments	**316,814**	287,058
— Unlisted debt investments	**14,745**	77,157
	331,559	364,215

There were no transfers between levels 1 and 2 for recurring fair value measurements for the year ended December 31, 2024.

The changes in level 3 instruments for the years ended December 31, 2024 and 2023 are presented in Note 18.

Valuation processes of the Group (level 3)

The Group has a team of personnel who performs valuation on the level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of these instruments.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 Fair value estimation (cont'd)

Valuation processes of the Group (level 3) (cont'd)

As at December 31, 2024 and 2023, the components of the level 3 instruments include unlisted equity investments and unlisted debt investments at fair value through profit or loss. The equity investments in unlisted entities mainly represent preferred shares of the investees.

As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques. Major assumptions used in the valuation include scenario probabilities, risk free rate, volatility, discount for lack of marketability and other exposures.

At at December 31, 2024

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted equity securities	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models	Historical volatilities.	35.09%–62.38%	The higher the volatility, the higher the fair value.
	Market approach determined with reference to market multiples, prices volatilities of listed securities in similar nature that are traded in a public market with an adjustment of discount for lack of marketability	Discount for lack of marketability	19%–23%	The higher the discount, the lower the fair value.
		Valuation multiples e.g. Price/Research and Development Expenditure	3	The higher the valuation multiples, the higher the fair value

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 Fair value estimation (cont'd)

Valuation processes of the Group (level 3) (cont'd)

At at December 31, 2023

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted equity securities	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models	Historical volatilities	33.93%–64.71%	The higher the volatility, the higher the fair value
	Market approach determined with reference to market multiples, prices volatilities of listed securities in similar nature that are traded in a public market with an adjustment of discount for lack of marketability	Discount for lack of marketability	15%–22%	The higher the discount rate, the lower the fair value.

As at December 31, 2024, the Group's unlisted debt investments represented a convertible note issued by an unlisted investee.

As at December 31, 2023, the Group's unlisted debt investments represented investment in a private fund issued by a registered fund company. To assess the fair value of the Group's unlisted debt investments, the Group adopted discounted cash flows approach, that are estimated with future cashflows based on contractual amounts and coupon rates, and discounted at a rate reflecting the credit risk of counterparty. The significant unobservable input is the credit risk spread that the higher the credit risk spread, the lower the fair value of the unlisted debt investments.

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 year ended December 31, 2024 would have been approximately RMB33,156,000 (2023: RMB36,422,000) lower/higher, respectively.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting judgement

Research and development expenditures

Certain technologies are for in-licenses and IPR&D, with non-refundable upfront payment, milestone payment and royalty payment. These milestone payments are capitalized as intangible assets when incurred if the payment is due on a verifiable outcome, and are treated as research and development expenditures if it is due for the execution of outsourced research and development work.

Research and development costs incurred on the Group's products are capitalized only when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the Group's intention to complete and the Group's ability to use or sell the asset, (iii) how the asset will generate future economic benefits, and (iv) the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization.

During the year ended December 31, 2024, RMB29,710,000 development costs incurred on three transcatheter valve therapeutic pipeline products were capitalized by the Group since the Group has achieved certain clinical trial stage and aforementioned criteria fulfilled and recognized as intangible assets in the Group's consolidated financial statements. During the year ended December 31, 2023, all expenses incurred for research and development activities were recognized as expensed when incurred.

Key sources of estimation uncertainty

Estimated impairment of licensed-in technologies not available for use

The Group is required to test impairment of licensed-in technologies not available for use on an annual basis. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the licensed-in technologies not available for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialization, (ii) gross profit margin, (iii) revenue growth rate, and (iv) discount rate.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Fair value of level 3 financial assets

The Group invests RMB331,559,000 financial assets at FVTPL representing the unlisted equity investments and unlisted debt investment.

As detailed in Note 4 to the consolidated financial statements, these level 3 fair value valuations involved management estimates on historical volatility, discount for lack of marketability and valuation multiples compared with similar nature listed securities and other exposures, and hence, are subject to uncertainty. Further details are included in Notes 18 and 4.

6. SEGMENT

Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the 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 segment results present revenue, cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses of each operation segment, which is for resource allocation and performance assessment by the CODM.

During the year ended December 31, 2024, since the growth and achievement on certain stage of the research and development activities of the Group's certain transcatheter valve therapeutic pipelines operated by those technology subsidiaries of the Company, the Group has decided to review and evaluate these pipelines as a separate reportable segment, i.e. the Future Technology Business Segment, following the change how CODM allocate resource and assess performance among operating segments.

Transcatheter Valve Therapeutic Business

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

6. SEGMENT (CONT'D)

Description of segments and principal activities (cont'd)

Neurointerventional Business

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

Future Technology Business

Future Technology Business, a spin-off from Transcatheter Valve Therapeutic Business. It is primarily operated by the Group's dedicated technology subsidiaries, focusing on delivering globally cutting-edge therapeutic solutions for a comprehensive range of heart valve diseases. All projects target unmet clinical needs in markets lacking mature treatment options. Future Technology Business currently has three projects, including Lithotripsy Valvuloplasty System, MonarQ TTVR® system, and ReachTactile™ robotic-assisted TAVR system, operated by SmartWave Medical, MonarQ LLC and Zhicheng Medical, respectively.

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 Group's operations mainly locate in the PRC. Revenue of the Group are derived from the PRC and the Group's non-current assets excluding financial assets at FVTPL are all located in the PRC.

The segment information provided to the Group's CODM for reportable segments for the relevant periods is as follows:

Segment (loss) profit

	Year ended December 31, 2024			
	Transcatheter Valve Therapeutic Business RMB'000	Neurointerventional Business RMB'000	Future Technology Business RMB'000	Total RMB'000
Revenue	259,936	355,547	—	615,483
Cost of sales	(52,859)	(129,003)	—	(181,862)
Selling and distribution expenses	(232,746)	(95,594)	—	(328,340)
Administrative expenses	(120,265)	(28,562)	(2,273)	(151,100)
Research and development expenses	(124,239)	(50,298)	(28,883)	(203,420)
Segment (loss) profit	(270,173)	52,090	(31,156)	(249,239)

6. SEGMENT (CONT'D) (Continued)

Segment loss (Continued)

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

7. REVENUE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue from sales of medical devices — at a point in time	**615,483**	441,126

Revenue of the Group arose from sales of transcatheter valve therapeutic medical devices and neurointerventional procedural medical devices. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customers.

Following the acceptance, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. For contracts that contain rebate clauses, the Group estimates the rebate amount to which it will be entitled using the expected value method and net with the revenue recognized during the year.

All performance obligations for sale of transcatheter valve therapeutic medical devices and neurointerventional procedural medical devices are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information about major customers

The major customers which contributed more than 10% of the total revenue of the Group for the years ended December 31, 2024 and 2023 are listed as below:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Customer A	**130,191**	95,549
Customer B	**118,232**	N/A*
Customer C	**121,494**	85,317
Customer D	**63,532**	N/A*

* The Group's sales transactions with Customer B and D were less than 10% of the total revenue of the Group for the year ended December 31, 2023.

8. OTHER INCOME

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Government grants related to income	**18,196**	18,840
Government grants related to assets	**739**	—
Rental income	**—**	712
Others	**305**	164
	19,240	19,716

9. OTHER GAINS AND LOSSES

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Net foreign exchange gain	**10,529**	9,601
Loss on disposal of property, plant and equipment	**(372)**	(219)
Fair value change of financial assets at FVTPL — net	**(14,978)**	3,771
Loss from foreign exchange forward contracts	**(4,826)**	(27,378)
Others	**301**	(1,583)
	(9,346)	(15,808)

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses are analysed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Change of work in process and finished goods	**(5,092)**	3,863
Raw materials and consumables used	**164,164**	114,403
Employee benefits expenses *(Note 13)*	**351,319**	321,011
Service expenses for research and development	**42,498**	141,225
Capitalized research and development expenses in intangible assets	**(29,710)**	—
Promotion expenses	**77,411**	67,532
Professional service fees	**66,156**	50,408
Insurance expenses	**34,422**	34,418
Travelling and transportation expenses	**28,562**	27,841
Depreciation of property, plant and equipment *(Note 15)*	**41,550**	25,120
Utilities and office expenses	**22,929**	21,561
Entertainment expenses	**22,573**	20,824
Amortization of intangible assets *(Note 17)*	**13,709**	13,989
Auditor's remuneration		
— audit service	**3,122**	4,443
— non-audit service	**128**	912
Depreciation of right-of-use assets *(Note 16)*	**3,797**	3,423
Write-down of inventories	**5,209**	1,004
Others	**21,975**	23,817
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	**864,722**	875,794

11. FINANCE INCOME — NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Finance income:		
Bank interest income	**22,480**	39,437
Finance costs:		
Interests on lease liabilities *(Note 16)*	**(201)**	(162)
Interests on borrowings	**(8,731)**	(6,126)
Less: interest capitalized	**4,196**	6,110
Interests expenses on borrowings	**(4,535)**	(16)
	(4,736)	(178)
Finance income — net	**17,744**	39,259

12. INCOME TAX EXPENSE

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax	**(4,942)**	(1,052)
Other jurisdictions	**(5,487)**	—
	(10,429)	(1,052)
Deferred tax credit *(Note 25)*	**3,538**	—-
	(6,891)	(1,052)

12. INCOME TAX EXPENSE (CONT'D)

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

(a) Mainland China

The Group's PRC entities are subject to 25% or 15% (for those high-tech enterprises) tax rate pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2023 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) Other jurisdictions

For group entities incorporated in other jurisdictions, represent Cayman Islands, British Virgin Islands, Hong Kong and United States, no significant tax exposure was made in the consolidated financial statements since no significant assessable profits generated by these group entities.

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

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(221,601)**	(391,501)
Tax calculated at statutory tax rates applicable to each group entity	**25,373**	64,989
Tax effect of:		
Differences in prior years' tax filing	**(1,335)**	(1,408)
Expenses not deductible for tax purpose *(Note (i))*	**(19,614)**	(4,260)
Super deduction for research and development expenses	**24,889**	38,945
Utilization of unrecognized tax losses in previous years	**9,346**	2,883
Recognition of tax losses in previously years	**(498)**	—
Tax effect of tax losses not recognized *(Note (ii))*	**(45,052)**	(102,201)
Income tax expense	**(6,891)**	(1,052)

12. INCOME TAX EXPENSE (CONT'D)

Notes:

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

(ii) As at December 31, 2024, RMB2,316,913,000 (2023: RMB2,089,099,000) deductible losses that are not recognized as deferred tax assets, will be expired by the year of 2034 (2023: 2033).

(iii) The tax losses of the Company's PRC subsidiaries classified as high-tech enterprises will expire within ten years and the remaining PRC subsidiaries will be within five years.

13. EMPLOYEE BENEFITS EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**269,113**	229,615
Social security costs and housing benefits (a)	**58,606**	49,249
Other employee benefits	**13,480**	13,897
Share-based compensation expenses *(Note 29)*	**10,120**	28,250
	351,319	321,011

(a) The employees of the Group in the PRC are members of state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director for the year ended December 31, 2024 (2023: no director). The emoluments payable to the remaining four (2023: five) individuals during the year are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Basic salaries	**5,270**	5,998
Discretionary bonuses	**20,416**	144
Social security costs and housing benefits	**233**	457
Share-based compensation expenses	**1,282**	10,846
	27,201	17,445

The discretionary bonuses is determined based on the performance of the Group.

The emoluments to the four (2023: five) individuals who are not the directors of the Company for the years ended December 31, 2024 and 2023 are fell within the following bands:

	Year ended December 31,	
	2024	2023
Emolument bands		
HKD2,500,001–HKD3,000,000	**2**	3
HKD3,000,001–HKD3,500,000	**1**	1
HKD7,500,001–HKD8,000,000	**—**	1
HKD21,000,001–HKD21,500,000	**1**	—
	4	5

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(c) Benefits and interests of directors

The remuneration of each director and chief executive officer for the years ended December 31, 2024 and 2023 is set out below:

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Total RMB'000
For the year ended December 31, 2024						
Chairman of the Board and Chief Executive Officer						
Yi ZHANG	—	740	1,249	—	63	2,052
Non-executive Directors						
Zhiyun YU *(Note (i))*	—	—	—	—	—	—
Jifeng GUAN	—	—	—	—	—	—
Jun YANG	—	—	—	—	—	—
Fei CHEN	—	—	—	—	—	—
Independent Non-executive Directors						
Stephen Newman OESTERLE	711	—	—	684	—	1,395
Robert Ralph PARKS	711	—	—	700	—	1,411
Wai Ming YIP	319	—	—	—	—	319
Huacheng WEI	319	—	—	—	—	319
Executive Directors						
Hong YE	—	747	1,254	—	107	2,108
Ping Ye ZHANG	—	146	—	—	36	182
	2,060	1,633	2,503	1,384	206	7,786

Note (i): Dr. Zhiyun YU resigned as a non-executive director on November 1, 2024.

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(c) Benefits and interests of directors (cont'd)

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Total RMB'000
For the year ended December 31, 2023						
Chairman of the Board and Chief Executive Officer						
Yi ZHANG	—	740	660	—	60	1,460
Non-executive Directors						
Zhiyun YU	—	—	—	—	—	—
Jifeng GUAN	—	—	—	—	—	—
Jun YANG	—	—	—	—	—	—
Fei CHEN	—	—	—	—	—	—
Independent Non-executive Directors						
Stephen Newman OESTERLE	703	—	—	842	—	1,545
Robert Ralph PARKS	703	—	—	850	—	1,553
Wai Ming YIP	314	—	—	—	—	314
Huacheng WEI	315	—	—	—	—	315
Executive Directors						
Hong YE	—	642	—	611	107	1,360
Ping Ye ZHANG	—	145	—	—	37	182
	2,035	1,527	660	2,303	204	6,729

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

14. LOSSES PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31, 2024	2023
Loss for the year attributable to the owners of the Company *(RMB'000)*	**(226,576)**	(392,525)
Weighted average number of ordinary shares for the purpose of basic loss per share *(thousand)*	**669,488**	679,275
Basic loss per share *(RMB)*	**(0.34)**	(0.58)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2024, the Company had one category of potential ordinary shares: the stock options granted to employees (Note 29). As the Group incurred losses for the years ended December 31, 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 years ended December 31, 2024 and 2023 are the same as basic loss per share.

15. 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 January 1, 2023								
Cost	53,562	7,317	20,072	79,762	2,486	167,414	38,600	369,213
Accumulated depreciation	(12,858)	(2,546)	(11,788)	(12,369)	(1,266)	—	(22,567)	(63,394)
Net book value	40,704	4,771	8,284	67,393	1,220	167,414	16,033	305,819
Year ended December 31, 2023								
Opening net book value	40,704	4,771	8,284	67,393	1,220	167,414	16,033	305,819
Transferred in from construction in progress	—	—	—	5,622	—	(5,750)	128	—
Transferred in from investment properties	6,173	—	—	—	—	—	—	6,173
Transfer to intangible assets *(Note 17)*	—	—	—	—	—	(613)	—	(613)
Transfer to right-of-use assets *(Note 16)*	—	—	—	—	—	(24,378)	—	(24,378)
Additions	—	8,742	3,251	25,460	948	153,781	379	192,561
Disposals	—	(167)	(25)	(279)	—	—	—	(471)
Depreciation charge	(3,362)	(1,568)	(4,631)	(8,532)	(449)	—	(6,578)	(25,120)
Closing net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
At December 31, 2023								
Cost	61,968	15,773	23,072	110,513	3,434	290,454	39,107	544,321
Accumulated depreciation	(18,453)	(3,995)	(16,193)	(20,849)	(1,715)	—	(29,145)	(90,350)
Net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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 January 1, 2024								
Cost	61,968	15,773	23,072	110,513	3,434	290,454	39,107	544,321
Accumulated depreciation	(18,453)	(3,995)	(16,193)	(20,849)	(1,715)	—	(29,145)	(90,350)
Net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
Year ended December 31, 2024								
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	373,438	1,323	—	—	—	(375,760)	999	—
Transfer to intangible assets *(Note 17)*	—	—	—	—	—	(3,037)	—	(3,037)
Additions	—	5,019	4,139	20,981	—	210,653	613	241,405
Disposals	—	(39)	(16)	(317)	—	—	—	(372)
Depreciation charge	(16,874)	(4,747)	(3,382)	(12,342)	(631)	—	(3,574)	(41,550)
Closing net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417
At December 31, 2024								
Cost	433,173	22,195	27,421	131,229	3,434	122,310	40,719	780,481
Accumulated depreciation	(33,094)	(8,861)	(19,801)	(33,243)	(2,346)	—	(32,719)	(130,064)
Net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417

* The buildings are situated on land in the PRC.

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Depreciation of property, plant and equipment has been recognized in the consolidated financial statements as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Administrative expenses	**20,218**	10,433
Research and development expenses	**10,846**	8,236
Cost of sales and inventories	**9,665**	5,673
Selling and distribution expenses	**821**	778
Total *(Note 10)*	**41,550**	25,120

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
— Land use rights *(a)*	**39,972**	40,576
— Buildings *(b)*	**5,367**	4,058
	45,339	44,634

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC with lease terms 30–50 years. The movements of land use rights are analysed as follows:

	Land use rights RMB'000
At January 1, 2023	
Cost	18,156
Accumulated depreciation	(1,745)
Net book value	16,411
Year ended December 31, 2023	
Opening net book value	16,411
Transferred in from investment properties	565
Transferred in from construction in progress *(Note 15)*	24,378
Depreciation charge	(778)
Closing net book value	40,576
At December 31, 2023	
Cost	43,163
Accumulated depreciation	(2,587)
Net book value	40,576
Year ended December 31, 2024	
Opening net book value	40,576
Additions	675
Depreciation charge	(1,279)
Closing net book value	39,972
At December 31, 2024	
Cost	43,838
Accumulated depreciation	(3,866)
Net book value	39,972

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Land use rights (cont'd)

Amortization of land use rights has been charged to the consolidated financial statements as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**937**	587
Administrative expenses	**342**	191
	1,279	778

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Buildings

The Group leases offices for own use. Information about leases for which the Group is a lessee is presented below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determines the period for which the contract is enforceable.

	Buildings RMB'000
At January 1, 2023	
Cost	10,041
Accumulated depreciation	(4,832)
Net book value	5,209
Year ended December 31, 2023	
Opening net book value	5,209
Additions	2,081
Depreciation charge	(3,232)
Closing net book value	4,058
At December 31, 2023	
Cost	9,502
Accumulated depreciation	(5,444)
Net book value	4,058
Year ended December 31, 2024	
Opening net book value	4,058
Additions	4,764
Depreciation charge	(3,455)
Closing net book value	5,367
At December 31, 2024	
Cost	7,682
Accumulated depreciation	(2,315)
Net book value	5,367

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Buildings (cont'd)

Lease liabilities

Lease liabilities recognized in the consolidated statement of financial position as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Lease liabilities as		
— Non-current liabilities	**3,221**	1,127
— Current liabilities	**2,090**	2,586
	5,311	3,713

The weighted average incremental borrowing rates applied to lease liabilities are 4.75% (2023: 4.75%).

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets *(Note 10)*	**3,797**	3,232
Total cash outflow for leases	**3,367**	3,574
Interest expense *(Note 11)*	**201**	162

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Goodwill RMB'000 (b)	Licensed-in technologies not available for use RMB'000 (c)	Capitalized development costs RMB'000 (d)	Technologies available for use RMB'000	Computer software RMB'000	Total RMB'000
At January 1, 2023						
Cost	51,658	339,533	—	170,740	9,294	571,225
Accumulated amortization	—	—	—	(28,536)	(3,739)	(32,275)
Net book value	51,658	339,533	—	142,204	5,555	538,950
Year ended December 31, 2023						
Opening net book value	51,658	339,533	—	142,204	5,555	538,950
Transferred in from construction in progress *(Note 15)*	—	—	—	—	613	613
Additions	—	—	—	—	2,300	2,300
Amortization charge	—	—	—	(11,383)	(2,606)	(13,989)
Closing net book value	51,658	339,533	—	130,821	5,862	527,874
At December 31, 2023						
Cost	51,658	339,533	—	170,740	12,207	574,138
Accumulated amortization	—	—	—	(39,919)	(6,345)	(46,264)
Net book value	51,658	339,533	—	130,821	5,862	527,874
Year ended December 31, 2024						
Opening net book value	51,658	339,533	—	130,821	5,862	527,874
Transferred in from construction in progress *(Note 15)*	—	—	—	—	3,037	3,037
Additions *(a)*	—	107,826	29,710	—	1,259	138,795
Amortization charge	—	—	(136)	(11,383)	(2,190)	(13,709)
Closing net book value	51,658	447,359	29,574	119,438	7,968	655,997
At December 31, 2024						
Cost	51,658	447,359	29,710	170,740	16,503	715,970
Accumulated amortization	—	—	(136)	(51,302)	(8,535)	(59,973)
Net book value	51,658	447,359	29,574	119,438	7,968	655,997

17. INTANGIBLE ASSETS (CONT'D)

Amortization of intangible assets has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**11,383**	11,383
Administrative expenses	**1,292**	1,352
Selling and distribution expenses	**487**	618
Research and development expenses	**547**	636
Total *(Note 10)*	**13,709**	13,989

(a) For the year ended December 31, 2024, the additions mainly represented (i) a milestone payment of USD15,000,000 (approximately RMB107,826,000) related to an intellectual property under research and development ("**Technology A**") acquired by the Company in prior years, and (ii) the recognition of RMB29,710,000 development costs capitalized as intangible assets as Note 17(d) for details.

(b) Goodwill

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Acquisition of Achieva Group	**51,658**	51,658

Impairment review on the goodwill of the Group has been conducted by the Group as at December 31, 2024. For the purpose of impairment review, the recoverable amount of the cash generating unit ("**CGU**") , i.e. the Achieva Group, is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below.

17. INTANGIBLE ASSETS (CONT'D)

(b) Goodwill (cont'd)

The key parameters used for value-in-use calculations are as follows:

	Gross profit margin	Revenue growth rate of the projection period	Terminal growth rate	Pre-tax discount rate
At December 31, 2024	60.7%–65.3%	8.8%–35.3%	2.2%	21.5%
At December 31, 2023	66.3%–69.9%	4.4%–73.9%	2.2%	22.5%

The revenue growth rate and budgeted gross profit margin for the five-year period were determined by the management based on past performance and its expectation for market and product development. The terminal growth rate used does not exceed the industry growth forecast for the market in which the Group operates. The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the CGU far exceeded its carrying amount and the headroom was RMB312,594,000 as at December 31, 2024 (2023: RMB223,720,000). The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

(c) Licensed-in technologies not available for use

The licensed-in technologies included the following technologies under research and development:

	As at December 31, 2024 RMB'000	2023 RMB'000
Technology A	**320,471**	212,645
Technology B	**126,888**	126,888
	447,359	339,533

17. INTANGIBLE ASSETS (CONT'D)

(c) Licensed-in technologies not available for use (cont'd)

As at December 31, 2024, the balance of licensed-in technologies under research and development were RMB447,359,000 (2023: RMB339,533,000). Licensed-in technologies under research and development are not available for use and are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount and on an annual basis. Impairment review has been conducted by an independent qualified valuer as at December 31, 2024 and 2023. For the purpose of impairment review, the recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

In respect of the value in use calculation, the Group use cash flow projections based on financial budgets prepared by management covering a period for further development of currently ongoing projects and a period of 15 years with production and sales of the future products of these projects. Key assumptions for the discounted cash flow are the expected timing of the product candidates' commercialization, gross profit margin, revenue growth rate, and the discount rate.

The key assumptions used as at December 31, 2024 and 2023 are as follows.

Technology A

	Expected timing of the product candidates' commercialization	Gross profit margin	Revenue growth rate	Pre-tax discount rate
At December 31, 2024	2028	64.0%–78.0%	(25.0)%–445.8%	28.2%
At December 31, 2023	2028	64.0%–78.0%	(21.8)%–430.2%	30.2%

17. INTANGIBLE ASSETS (CONT'D)

(c) Licensed-in technologies not available for use (cont'd)

Technology A (cont'd)

Based on the result of impairment assessment, the recoverable amount of Technology A under research and development is estimated to exceed the carrying amount as at December 31, 2024 by RMB315,553,000 (2023 RMB292,609,000). Considering there was still sufficient headroom based on the assessment, the management believes that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of Technology A under research and development to exceed its recoverable amount.

The recoverable amount is significantly above the carrying amount of the Technology A. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Technology B

	Expected timing of the product candidates' commercialization	Gross profit margin	Revenue growth rate	Pre-tax discount rate
At December 31, 2024	2026	64.0%–78.0%	(35.6)%–107.7%	23.4%
At December 31, 2023	2026	64.0% – 78.0%	(29.6)% – 242.7%	30.5%

Based on the result of impairment assessment, the recoverable amount of Technology B under research and development is estimated to exceed the carrying amount as at December 31, 2024 by RMB166,404,000 (2023: RMB104,368,000). Considering there was still sufficient headroom based on the assessment, the management believe that a reasonably possible change in any of the key assumptions would not cause the carrying amount of Technology B under research and development to exceed its recoverable amount.

The recoverable amount is significantly above the carrying amount of the Technology B. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. INTANGIBLE ASSETS (CONT'D)

(d) Capitalized development costs

During the year ended December 31, 2024, approximately RMB29,710,000 development costs incurred on three transcatheter valve therapeutic pipeline products were capitalized by the Group. The Group are to capitalize research and development costs only when the management is able to demonstrate the technical feasibility of completing the intangible asset, such as achieving certain clinical trial stages, so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, and the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development.

During the year ended December 31, 2024, other than one pipeline product RMB4,096,000 that has obtained the registration certificate from the National Medical Products Administration in August 2024, the capitalized development costs are still in clinical trial stage that are not yet available for use and are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount and on an annual basis.

Impairment review has been conducted by a team of the Company and for the purpose of impairment review, the recoverable amount is determined based on the higher of fair value less cost to sell and value in use. In respect of the value in use calculation, the Group use cash flow projections based on financial budgets prepared by management covering period for further development of currently ongoing projects and also 10 years with production and sales of the future products of these projects.

18. FINANCIAL ASSETS AT FVTPL

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
— Unlisted equity investments (a)	**316,814**	287,058
Current assets		
— Unlisted debt investments (b)	**14,745**	77,157
	331,559	364,215

18. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unlisted equity investments

The Group invested preferrence shares of both overseas and the PRC unlisted investees, which are engaged in research and development, manufacturing and sales of medical devices but at different business stages. The Group has preferential rights and redemption options compared with the ordinary shareholders of the unlisted investees, which significantly differentiate the risks and rewards undertaken, these investments are therefore accounted as financial assets at fair value through profit or loss.

(i) Overseas unlisted equity investments

The equity interest percentage owned by the Group over three overseas unlisted entities are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Unlisted entity A	**44.86%**	38.90%
Unlisted entity B	**50.00%**	50.00%
Unlisted entity C	**2.50%**	2.50%

* Pursuant to the articles of association of the ulisted entity A and unlisted entity B, the Group is able to exercise significant influence arising from its existing power to appoint at least one director of the investees.

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Opening balance	**270,558**	245,153
Additions	**14,208**	20,480
Exchange gains	**4,207**	4,925
Closing balance	**288,973**	270,558

For the year ended December 31, 2024, the Group further subscribed the preference shares issued by one overseas unlisted investee with cash consideration of USD2,000,000 (equivalent to RMB14,208,000) (2023: USD3,000,000 (equivalent to RMB20,480,000)), which was initially acquired in 2021.

18. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unlisted equity investments (cont'd)

(ii) The PRC unlisted equity investments

The equity interest percentage owned by the Group over five (2023: three) PRC unlisted entities are between 3% to 19% (2023: between 4% to 20%). Pursuant to the articles of association of these unlisted entities, the Group is able to exercise significant influence arising from its existing power of three (2023: 2) entities by appointing at least one director over the investees' board.

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

	As at December 31, 2024 RMB'000	2023 RMB'000
Opening balance	**16,500**	—
Additions	**8,903**	16,500
Fair value change	**2,438**	—
Closing balance	**27,841**	16,500

(b) Unlisted debt investments

	As at December 31, 2024 RMB'000	2023 RMB'000
Private fund *(i)*	**—**	77,157
Convertible note *(ii)*	**14,745**	—
	14,745	77,157

(i) During the year ended December 31, 2024, the Group decided to early redeem investment in a private fund with exit price of HKD65,600,000, the original maturity of which is December 31, 2024. Till the end of the reporting period, HKD3,600,000 out of the exit price was received and the remaining HKD62,000,000 (equivalent to RMB57,414,000) are presented as other receivables in the consolidated financial statements as at December 31, 2024. The remaining exit price of HKD62,000,000 are received from the fund subsequent to the year end.

18. FINANCIAL ASSETS AT FVTPL (CONT'D)

(b) Unlisted debt investments (cont'd)

(ii) For the year ended December 31, 2024, the Group 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 Group 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 investment for the years are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Opening balance	**77,157**	71,564
Additions	**14,230**	—
Exchange (loss) gains	**(68)**	1,544
Fair value change on financial assets at fair value through profit or loss	**(17,416)**	4,049
Disposal	**(59,158)**	—
Closing balance	**14,745**	77,157

19. INVENTORIES

	As at December 31, 2024 RMB'000	2023 RMB'000
Raw materials	**97,116**	130,346
Materials in transit	**4,894**	1,416
Work in progress	**23,242**	7,862
Finished goods	**21,387**	31,675
	146,639	171,299
Write-down of inventories	**(5,860)**	(651)
	140,779	170,648

Inventories recognized as costs or expenses during the year ended December 31, 2024 amounted to RMB204,791,000 (2023: RMB114,403,000). These were included in cost of sales, research and development expenses and selling and distribution expenses.

During the year ended December 31, 2024, RMB5,209,000 (2023: RMB1,004,000) write-downs of inventories to net realisable value was recognized as an expense arising for those long-aged inventories and included in cost of sales in the consolidated statement of profit or loss and other comprehensive income.

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Trade and other receivables

	As at December 31, 2024 RMB'000	2023 RMB'000
Trade receivables *(a)*	**22,336**	10,918
Loans to employees *(b)*	**11,186**	14,061
Value-added tax recoverable	**8,463**	10,177
Deposits	**4,634**	2,086
Interest receivables	**722**	13,532
Other receivables from employees	**—**	17,527
Other receivables	**57,621**	18,802
	104,962	87,103
Disclosed in the consolidated statement of financial position as:		
— Non-current assets, included in other non-current assets	**3,924**	6,892
— Current assets	**101,038**	80,211
	104,962	87,103

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Trade and other receivables (cont'd)

(a) At December 31, 2024 and 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at December 31, 2024 RMB'000	2023 RMB'000
Within 60 days	**22,336**	10,918

(b) As at December 31, 2024, the Group provided loans to certain key management personnel with nominal value of HKD12,035,000 that were unsecured, interest-free and will be repayable from January 2025 to March 2026.

As at December 31, 2023, the Group provided loans to certain key management personnel with nominal value of HKD16,000,000 that were unsecured, interest-free and will be repayable from March 2024 to January 2025.

As at December 31, 2024 and 2023, loans to key management personnel were measured at amortized cost and presented as other receivables and other non-current assets following the scheduled repayment dates.

(c) Transferred financial assets that are derecognized in their entirety

During the year ended December 31, 2024, the Group received one bill receivable from a customer and transferred to a bank by discounting with full recourse basis.

The bill receivable is with nominal value RMB20,000,000 and mature by June 2025. The bill is guaranteed by a reputable PRC bank with high-credit-quality. The directors of the Company consider the risk being claimed by the holder of the discounted bill is remote. Upon the discounting of the bill, the Group has transferred substantially all the risks and rewards of the bill to the discounted bank.

Prepayments

	As at December 31, 2024 RMB'000	2023 RMB'000
Prepayments for:		
— inventories	**16,024**	27,466
— services	**12,030**	10,462
— property, plant and equipment	**19,217**	7,962
— others	**4,605**	5,806
	51,876	51,696
Disclosed in the consolidated statement of financial position as:		
— Non-current asset, included in other non-current assets	**19,217**	7,988
— Current asset	**32,659**	43,708
	51,876	51,696

21. TERM DEPOSITS AND BANK BALANCES AND CASH

As at December 31, 2024, the Group's bank balances carry market prevailing interest rates ranging from 0.01% to 4.55% (2023: from 0.01% to 5.37%).

As at December 31, 2024, the Group's term deposits amounting to RMB41,039,000 (2023: RMB170,000,000) were at fixed interest rates with range of 0.92% to 2.35% (2023: 3.35% to 3.99%), RMB10,000,000 (2023: RMB100,000,000) out of which are with maturity over one year and therefore presented as non-current asset.

Term deposits and bank balances and cash denominated in group entities' foreign currency as below:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
— USD	**291,304**	257,141
— HKD	**67,806**	135,351

22. TRADE AND OTHER PAYABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade payables	**25,722**	19,708
Other payables (a)	**262,340**	66,005
Other tax payables	**13,170**	4,609
Staff salaries and welfare payables	**40,465**	39,865
Liabilities arising from share-based payments with cash alternative	**10,186**	13,138
	351,883	143,325
Disclosed in the consolidated statement of financial position as:		
— Non-current liabilities, as other payables	**2,320**	5,490
— Current liabilities	**349,563**	137,835
	351,883	143,325

(a) As at December 31, 2024, included in other payables, RMB107,826,000 is the milestone payable related to an intellectual property under research and development acquired by the Company in prior years, detail of which is as Note 17(a).

22. TRADE AND OTHER PAYABLES (CONT'D)

The following is an ageing analysis of the trade payables, presented based on the invoice date, at the end of each reporting period:

	As at December 31, 2024 RMB'000	2023 RMB'000
Within 1 year	**25,244**	19,697
1 year to 2 years	**478**	11
	25,722	19,708

The average credit period on purchases of goods is 30 days.

23. BORROWINGS

	As at December 31, 2024 RMB'000	2023 RMB'000
Bank borrowings — secured (a), as		
— Non-current liabilities	**158,312**	203,594
— Current liabilities	**89,775**	13,828
	248,087	217,422

(a) 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 floating interest rate corresponding to one-year loan prime rate circulated by the People's Bank of China plus 15 basis points.

23. BORROWINGS (CONT'D)

As at December 31, 2024 and 2023, the Group's borrowings were repayable as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**89,775**	13,828
Between 1 and 2 years	**148,828**	54,292
Between 2 and 5 years	**9,484**	149,302
	248,087	217,422

As at December 31, 2024, the secured bank borrowings are pledged by a land use right and property, plant and equipment amounting to RMB8,918,000 and RMB360,803,000, respectively (2023: a land use right and property, plant and equipment amounting to RMB9,261,000 and RMB274,920,000, respectively).

24. DEFERRED INCOME

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Government grants		
— Assets-related government grants *(a)*	**19,773**	12,104
— Cost-related government grants *(b)*	**1,000**	1,000
	20,773	13,104

(a) The asset-related grants include subsidies received from the local government for the purpose of compensation for purchase of land use rights, with an estimated useful life of 50 years and property, plant and equipment with an estimated useful life of 5–20 years. The aforementioned grants are amortized or depreciation based on the remaining useful life of the related assets.

(b) The cost-related grants are subsidies received from the local government as compensation for expenses incurred and to incur for certain research and development projects. The subsidies are deferred and recognized in profit or loss till the projects fulfill the required criteria.

25. DEFEERED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and deferred tax liabilities for the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balanced within the same tax jurisdiction, are as follows:

Deferred tax assets/(liabilities)

	Tax losses RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Property, plant and equipment acquired in business combination RMB'000	Investment property acquired in business combination RMB'000	Land use rights acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2023	17,466	–	–	(1,233)	(568)	(435)	(35,550)	–	(20,320)
(Charge) credit to profit or loss	(3,022)	–	–	140	23	12	2,847	–	–
Reclassification	–	–	–	(499)	545	(46)	–	–	–
As at December 31, 2023	14,444	–	–	(1,592)	–	(469)	(32,703)	–	(20,320)
As at January 1, 2024	**14,444**	**–**	**–**	**(1,592)**	**–**	**(469)**	**(32,703)**	**–**	**(20,320)**
(Charge) credit to profit or loss	**(426)**	**(968)**	**952**	**150**	**–**	**14**	**2,846**	**970**	**3,538**
As at December 31, 2024	**14,018**	**(968)**	**952**	**(1,442)**	**–**	**(455)**	**(29,857)**	**970**	**(16,782)**

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31, 2024 RMB'000	2023 RMB'000
Deferred tax liabilities, net	**16,782**	20,320
Deferred tax assets, net	—	—

26. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at January 1, 2023	677,414,028	478	6,369,070	6,369,548
Exercise of share options *(a)*	1,912,780	1	8,603	8,604
Restricted share units vested under the trust	—	—	(19,024)	(19,024)
As at December 31, 2023	679,326,808	479	6,358,649	6,359,128
As at January 1, 2024	679,326,808	479	6,358,649	6,359,128
Cancellation of issued shares *(b)*	(10,809,000)	(8)	(26,684)	(26,692)
Restricted share units vested under the trust	—	—	(8,619)	(8,619)
As at December 31, 2024	668,517,808	471	6,323,346	6,323,817

(a) For the year ended December 31, 2023, certain employees exercised stock options granted to them in 2019 and 1,912,780 shares were issued to them.

(b) In June 2024, the Company made on-market purchases of 10,809,000 shares. In subsequent months, the Company cancelled the acquired shares as presented as decrease in share capital and share premium amounting to RMB26,692,000.

27. TREASURY SHARES HELD IN A TRUST

	Number of treasury shares	Amount RMB'000
As at January 1, 2023	(5,212,304)	(82,739)
Restricted share units vested under the trust	1,395,050	29,009
As at December 31, 2023	(3,817,254)	(53,730)
As at January 1, 2024	**(3,817,254)**	**(53,730)**
Acquisition of shares by the Company *(Note 26(b))*	**(10,809,000)**	**(26,692)**
Cancellation of issued shares *(Note 26(b))*	**10,809,000**	**26,692**
Restricted share units vested under the trust	**490,693**	**10,712**
As at December 31, 2024	**(3,326,561)**	**(43,018)**

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.

For the year ended December 31, 2024, 490,693 restricted share units were vested by selected persons (2023: 1,395,050 restricted share units were vested).

28. OTHER RESERVES

	Share-based compensation reserve RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2023	63,868	(251)	63,617
Share-based compensation expenses	20,445	—	20,445
Restricted share units vested	(6,835)	—	(6,835)
Exercise of options	(3,181)	—	(3,181)
As at December 31, 2023	74,297	(251)	74,046
As at January 1, 2024	**74,297**	**(251)**	**74,046**
Share-based compensation expenses	**5,110**	**—**	**5,110**
As at December 31, 2024	**79,407**	**(251)**	**79,156**

29. SHARE-BASED PAYMENT

(a) Stock options

(i) Stock options granted to employees in 2017

In 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 fulltime 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.

29. SHARE-BASED PAYMENT (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 (year)	10
Risk free interest rate	2.96%
Fair value of granted options (HKD)	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:

	Year ended December 31, 2024	2023
At the beginning of year	**40,764,360**	41,331,105
Granted	**—**	2,113,900
Exercised	**—**	(1,912,780)
Forfeited	**(1,003,720)**	(767,865)
At the end of year	**39,760,640**	40,764,360

As at December 31, 2024, 34,192,334 outstanding options were exercisable (2023: 33,082,849).

For the year ended December 31, 2024, no employees exercised stock options (2023: certain employees exercised stock options granted to them in 2019 and 1,912,780 shares were issued to them).

No options expired for the years ended December 31, 2024 and 2023.

The total expense recognized in the consolidated statement of profit or loss and total comprehensive loss for the above stock options granted are RMB5,110,000 for the year ended December 31, 2024 (2023: RMB14,188,000).

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units

A restricted share award (the "**RSU**") 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 are vested immediately on the issue date, 20%, 20% and 20% of the RSUs issued are vested on the first, second and third anniversary of the respective issue date, respectively.

Since 2023, the directors have been granted a choice to settle above remunerations by issuance of RSUs or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is 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 RSU issued are vested immediately on the issue date.

Since 2023, the consultant was granted a choice to settle above remunerations by ordinary shares or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is no profit or loss impact from the modification.

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units (cont'd)

(iii) RSU issued to employees

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 representing a fixed aggregated amount for each year in the vesting period 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 in each year in the vesting period is based on the closing price of the shares of the Company on the respective issue date. The RSU issued can be vested immediately on the issue date.

Since 2022, the employees was granted a choice to settle above awards by issuance of RSUs or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is no profit or loss impact from the modification.

As at December 31, 2024, the restricted share units issued to directors, a consultant and employees of the Group are as follows:

RSU remuneration to	Vesting period	Issue date	Number of RSU issued
Directors	0–6 years	End of each quarter	453,556
Consultant	Nil	End of each quarter	—
Employees	1–5 years	Various dates in 2024	211,262
			664,818

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units (cont'd)

As at December 31, 2023, the restricted share units issued to directors, a consultant and employees of the Group are as follows:

RSU remuneration to	Vesting period	Issue date	Number of RSU issued
Directors	0–6 years	End of each quarter	211,236
Consultant	Nil	End of each quarter	17,064
Employees	1–5 years	Various dates in 2023	1,231,594
			1,459,894

The total expense recognized in the consolidated statement of profit or loss and total comprehensive loss for the year ended December 31, 2024 for the RSUs granted is RMB5,013,000 (2023: RMB14,062,000).

The following table summarized the Group's restricted share units and movement for the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
At the beginning of year	**223,499**	158,655
Issued during the year	**664,818**	1,459,894
Vested during the year	**(490,693)**	(1,395,050)
At the end of year	**397,624**	223,499

As at December 31, 2024, 397,624 restricted share units remained unvested (2023: 223,499).

29. SHARE-BASED PAYMENT (CONT'D)

(c) Expense for the share-based payments has been charged to profit or loss as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Stock options		
Selling and distribution expenses	**3,612**	5,449
Research and development expenses	**760**	3,894
Administrative expenses	**96**	3,275
Cost of sales	**746**	1,570
	5,214	14,188
Restricted share units		
Selling and distribution expenses	**1,335**	7,361
Research and development expenses	**3,057**	4,593
Administrative expenses	**514**	2,108
	4,906	14,062
Total	**10,120**	28,250

30. CAPITAL COMMITMENTS

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**89,292**	69,088

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Liabilities arising financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2023	126,831	5,044	131,875
Financing cash flows — net	84,465	(3,574)	80,891
Non-cash changes			
New leases	—	2,081	2,081
Interest capitalized in construction in progress	6,110	—	6,110
Interest expense	16	162	178
At December 31, 2023	217,422	3,713	221,135
Financing cash flows — net	21,934	(3,367)	18,567
Non-cash changes			
New leases	—	4,764	4,764
Interest capitalized in construction in progress	4,196	—	4,196
Interest expense	4,535	201	4,736
At December 31, 2024	248,087	5,311	253,398

32. 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 for the years ended December 31, 2024 and 2023 respectively, and balances arising from related party transactions as at December 31, 2024 and 2023 respectively.

32. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Name and relationship with related parties

Name of related parties	Nature of relationships
Key management personnel	Key management personnel
Unlisted entity A, with at least one director appointed by the Group	Associate
Unlisted entity B, with at least one director appointed by the Group	Associate
Other unlisted equity investments with at least one director appointed by the Group	Associate

Associates represented those unlisted entity investments by the Group, with at least one director appointed by the Group, and are accounted for as the Group's financial assets at FVTPL.

(b) Transactions with related parties

Other than the transaction disclosed in Note 20, the Group had following transactions with related parties.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
(i) Purchased of intangible assets from an associate	**—**	500
(ii) Milestone payment to an associate upon a licensed-in technology	**107,826**	—
(iii) Key management personnel compensation		
Salaries, wages and bonuses	**37,108**	9,985
Housing fund, medical insurance and other social insurance	**866**	641
Share-based compensation expenses	**2,251**	9,419
	40,225	20,045

(c) Balances with related parties

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
(i) Other receivables		
— Key management personnels	**11,186**	36,177
— An associate	**—**	8,748
(ii) Other payable		
— An associate	**107,826**	—

33. DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group for the year ended December 31, 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period (2023: Nil).

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at the end of the reporting period are set out below.

Name of Subsidiaries	Principal activities	Place of incorporation and operation	Paid-in share capital/ registered capital	Proportion of ownership interest and voting power held by the Group	
				2024	2023
				%	%
Directly held by the Company					
Marvel Finder Limited	Holding	Hong Kong	10,000 ordinary shares, USD389,893,978	**100**	100
Achieva Medical Limited	Holding	Cayman Islands	50,000,000 ordinary shares of USD0.0001 each, USD5,000	**100**	100
Indirectly held by the Company					
Peijia Suzhou (a)	Research and development, manufacturing and sales of transcatheter valve therapeutic devices	The PRC	RMB2,368,000,000	**100**	100
Peijia Shanghai (b)	Research and development of transcatheter valve therapeutic devices	The PRC	RMB15,500,000	**100**	100
Achieva Medical HK Limited	Holding	Hong Kong	1 ordinary share, USD71,873,000	**100**	100
Achieva Medical (Shanghai) Co., Ltd (a)	Research and development, manufacturing and sales of neurointerventional procedural medical device	The PRC	USD64,680,000	**100**	100

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

Name of Subsidiaries	Principal activities	Place of incorporation and operation	Paid-in share capital/ registered capital	Proportion of ownership interest and voting power held by the Group 2024 %	2023 %
Achieva Medical (Suzhou) Co., Ltd. (b)	Research and development, manufacturing and sales of neurointerventional procedural medical devices	The PRC	RMB121,000,000	**100**	100
Peijia Medical HK Limited	Trading	Hong Kong	10,000 ordinary shares of HKD1 each, HKD10,000	**100**	100
Peijia Medical Holding Limited	Holding	Cayman Islands	50,000 ordinary shares of USD1 each, USD50,000	**100**	100
Peijia Medical US Limited	Holding	United States	10,000 ordinary shares of USD0.001 each, USD10	**100**	100
Suzhou Jiasheng Venture Capital Partnership (Limited Partnership) (b)	Investment	The PRC	RMB61,000,000	**98**	98
Peijia Medical (Haining) Co., Ltd. (a)	Trading	The PRC	USD60,000,000	**100**	100
Zhicheng Medical Technology (Jiaxing) Co., Ltd. (a)	Research and development, manufacturing and sales of transcatheter valve therapeutic devices	The PRC	RMB11,342,353	**90**	100

(a) Wholly foreign owned enterprises established in the PRC

(b) Domestic invested companies established in the PRC

None of the subsidiaries had issued any debt securities at the end of the year.

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At December 31, 2024 RMB'000	2023 RMB'000
Non-current assets		
Intangible assets	**320,471**	212,645
Investments in subsidiaries	**3,521,183**	3,488,902
Other non-current assets	**3,950**	7,294
	3,845,604	3,708,841
Current assets		
Other receivables	**102,447**	37,652
Financial assets at FVTPL	**—**	77,157
Term deposits	**31,039**	—
Bank balances and cash	**119,936**	124,289
	253,422	239,098
Current liability		
Other payables	**282,591**	63,989
Net current (liabilities) assets	**(29,169)**	175,109
Total assets less current liabilities	**3,816,435**	3,883,950
Non-current liability		
Other non-current liability	**2,320**	5,490
Net assets	**3,814,115**	3,878,460
Capital and reserves		
Share capital and share premium	**6,323,817**	6,359,128
Reserves	**(2,509,702)**	(2,480,668)
Total equity	**3,814,115**	3,878,460

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONT'D)

Movement in reserves

	Other reserves RMB'000	Treasury shares held in a trust RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2023	63,868	(82,739)	(2,504,336)	(2,523,207)
Profit and total comprehensive income for the year	—	—	3,101	3,101
Exercise of share options	(3,181)	—	—	(3,181)
Restricted share units granted	(6,835)	29,009	—	22,174
Share-based compensation expenses	20,445	—	—	20,445
At December 31, 2023	74,297	(53,730)	(2,501,235)	(2,480,668)
Loss and total comprehensive expense for the year	—	—	(44,856)	(44,856)
Restricted share units vested	—	10,712	—	10,712
Share-based compensation expenses	5,110	—	—	5,110
Acquisition of shares by the Company	—	(26,692)	—	(26,692)
Cancellation of issued shares	—	26,692	—	26,692
At December 31, 2024	79,407	(43,018)	(2,546,091)	(2,509,702)

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation, which in the opinion of the directors of the Company, provides for better presentation to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Operating Results					
Revenue	**615,483**	441,126	250,833	136,534	38,655
Gross profit	**433,621**	325,370	176,201	95,654	25,223
Operating loss	**(239,345)**	(430,760)	(442,548)	(598,801)	(403,717)
Loss before income tax	**(221,601)**	(391,501)	(398,235)	(574,216)	(2,068,656)
Loss for the year and attributable to owners of the parent company	**(226,576)**	(392,525)	(407,809)	(574,216)	(2,068,656)
Total comprehensive loss for the year and attributable to owners of the parent company	**(226,576)**	(392,525)	(407,809)	(574,216)	(2,068,656)
Research and development expenses	**(203,420)**	(293,420)	(373,127)	(445,879)	(103,365)
Including: One-time BD expenses	**—**	(87,922)	(226,111)	(314,575)	—
Loss per share					
Basic and diluted loss per share (RMB)	**(0.34)**	(0.58)	(0.61)	(0.86)	(4.43)

	As at December 31,				
	2024	2023	2022	2021	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Financial Position					
Non-current assets	**1,701,708**	1,434,472	1,309,026	737,307	337,186
Cash and cash equivalents	**666,736**	795,768	1,669,665	2,296,112	2,458,161
Other current assets	**320,260**	441,724	337,783	130,249	85,902
Total assets	**2,688,704**	2,671,964	3,316,474	3,163,668	2,881,249
Non-current liabilities	**201,408**	243,635	100,836	25,776	23,604
Current liabilities	**442,697**	154,249	578,023	118,707	44,390
Total liabilities	**644,105**	397,884	678,859	144,483	67,994
Total equity/(deficit)	**2,044,599**	2,274,080	2,637,615	3,019,185	2,813,255

DEFINITIONS

In this annual report, the following expressions shall have the meanings set out below, unless the context otherwise requires:

"Achieva" or "Achieva Group"	includes Achieva Medical and its subsidiaries, i.e., Achieva HK, Achieva Shanghai, Achieva Suzhou and Jiangxi Zhisheng
"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)
"ANSWER"	ANeurySm With stenosis treatment using fastunnEl deliveRing balloon dilatation catheter, one of our innovative techniques for neurointerventional procedures
"aortic valve"	a valve in the human heart between the left ventricle and the aorta
"AR"	aortic regurgitation
"AS"	aortic stenosis
"ATTACH"	A Trans-radial technique using looping Tethys intermediate catheter with two loACH guide wires, one of our innovative techniques for neurointerventional procedures
"Audit Committee"	the audit committee of the Board
"BASIS"	Balloon AngioplaSty with the dIstal protection of Stent retriever, one of our innovative techniques for neurointerventional procedures
"BD"	business development
"Board of Directors" or "Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, 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

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this annual report, refers to TaurusOne®
"COSIS"	Chronic artery OccluSion recanalization with the Intracranial protection of Stent Retriever, one of our innovative techniques for neurointerventional procedures
"delivery catheter system"	an integral delivery catheter with a tip, a sheath tube, a catheter and a handle system used to deliver and release the PAV to the target position
"Director(s)"	the director(s) of the Company
"Dr. ZHANG"	Dr. Yi ZHANG, one of our Founders, and our chairman, Chief Executive Officer, an executive Director of our Company and our substantial shareholder upon Listing
"EFS"	Early Feasibility Study, an FDA Early Feasibility Study is a structured, exploratory clinical investigation performed under an IDE that enables the early clinical evaluation of a medical device in a small cohort of human subjects. It is designed to generate preliminary safety and functional data, refine device design or procedural methodologies, and assess the feasibility of advancing the device to more comprehensive clinical trials. These studies are particularly critical for novel devices with limited predicate data, allowing developers to address uncertainties and mitigate risks early in the regulatory pathway.
"FDA"	U.S. Food and Drug Administration
"FIM"	First-in-man, a stage of clinical trial
"FAST ICAS"	FASTunnel in thrombectomy for ICAS occlusion, one of our innovative techniques for neurointerventional procedures
"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), 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

Definitions

"IAS"	International Accounting Standard
"IASB"	International Accounting Standards Board
"ICAD"	intracranial atherosclerotic disease
"IDE"	Investigational Device Exemption, a regulatory authorization from the FDA that permits the use of an unapproved medical device in a clinical study. It allows researchers to collect safety and effectiveness data on the device in human subjects, typically required for significant-risk device investigations before pursuing market approval
"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
"JenaValve"	JenaValve Technology, Inc., a US-based medical device company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, Friday, May 15, 2020, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"LVOT"	Left ventricular outflow tract
"mechanical thrombectomy"	a type of minimally-invasive therapy in which blood clot is removed from arteries using imaging techniques guiding medical devices through patients' arteries to the blood clot
"mitral valve"	the valve that lets blood flow from one chamber of the heart, the left atrium, to another called the left ventricle
"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 the 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
"Nomination Committee"	the nomination committee of the Board
"Over-allotment Option"	has the meaning as ascribed to it under the Prospectus
"PAV"	prosthetic aortic valve, the artificial valve of our TAVR Products
"Peijia Shanghai"	Peijia Medical Technology (Shanghai) Co., Ltd. (沛嘉醫療科技(上海)有限公司), a limited liability company incorporated under the laws of PRC on February 24, 2012, being an indirect wholly-owned subsidiary of our Company
"Peijia Suzhou"	Peijia Medical Technology (Suzhou) Co., Ltd. (沛嘉醫療科技(蘇州)有限公司), a limited liability company incorporated under the laws of PRC on March 4, 2013, being an indirect wholly-owned subsidiary of our Company
"Placee(s)"	any individuals, corporate, institutional or other investor(s) procured by Morgan Stanley & Co. International plc, being the placing agent of the Company, 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
"Placing Shares"	33,800,000 ordinary Shares to be placed pursuant to the Placing Agreement
"Preferred Shares"	has the meaning as ascribed to it under the Prospectus
"Prospectus"	the prospectus of the Company dated May 5, 2020, in relation to the Global Offering
"registration clinical trial"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product

"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2024
"REST"	Trans-Radial Establish Simple access technique with Tethys intermediate catheter, one of our innovative techniques for neurointerventional procedures
"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
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share Incentive Schemes"	the Share Option Plan, the RSU Scheme and the Share Option Scheme
"Share Option Plan"	the share option plan approved and adopted by the Company 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
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on April 28, 2020, a summary of the principal terms of which is set forth in the paragraph headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes" in the Prospectus
"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)
"SmartWave Medical"	SmartWave Medical (Changzhou) Co., Ltd. (智維心醫療科技(常州)有限公司), a limited liability company incorporated under the laws of PRC on June 5, 2024, being a subsidiary of our Company
"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
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"TAV"	transcatheter aortic valve
"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
"TR"	tricuspid regurgitation
"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
"treasury shares(s)"	has the meaning ascribed thereto 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
"TRUST"	Trans-Radial coaxial catheter technique Using a short sheath, Simmons catheter and Tethys intermediate catheter, one of our innovative techniques for neurointerventional procedures
"TSMVR"	transseptal mitral valve replacement
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"United States" or "U.S." or "USA"	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

"Zhicheng Medical"	Zhicheng Medical (Jiaxing) Co., Ltd. (智程醫療科技(嘉興)有限公司), a limited liability company incorporated under the laws of PRC on May 31, 2023, being a subsidiary of our Company
"%"	per cent