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Peijia Medical Limited

沛嘉醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9996)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

HIGHLIGHTS

	Six months ended June 30,		Percentage increase
	2021 (Unaudited)	2020 (Unaudited)	
Revenue (RMB'000)	51,689	14,239	263.0%
Gross profit (RMB'000)	37,400	8,954	317.7%
Loss before income tax (RMB'000)	(175,174)	(1,788,926)	(90.2%)
Loss for the period and attributable to the owners of the Company (RMB'000)	(175,174)	(1,788,926)	(90.2%)
Basic and diluted loss per share (RMB)	(0.27)	(8.68)	(96.9%)
Cash and cash equivalents (RMB'000)	3,024,659	2,458,161	23.0%
Research and development expenses (RMB'000)	(131,291)	(41,164)	218.9%

For the six months ended June 30, 2021, the Group recorded a revenue of RMB51.69 million, as compared to RMB14.24 million for the same period in 2020; and a net loss of RMB175.17 million, as compared to RMB1,788.93 million for the same period in 2020. The net loss for the six months ended June 30, 2020 was mainly due to fair value change loss of RMB1,675.53 million from Preferred Shares. Such fair value loss of financial instruments was a non-cash and one-time item, and there will be no further gains or losses on fair value changes from these Preferred Shares after the automatic conversion into ordinary shares upon the closing of the Global Offering. The Group's total loss was RMB90.47 million for the six months ended June 30, 2020 after deducting the one-time loss.

MANAGEMENT DISCUSSION AND ANALYSIS

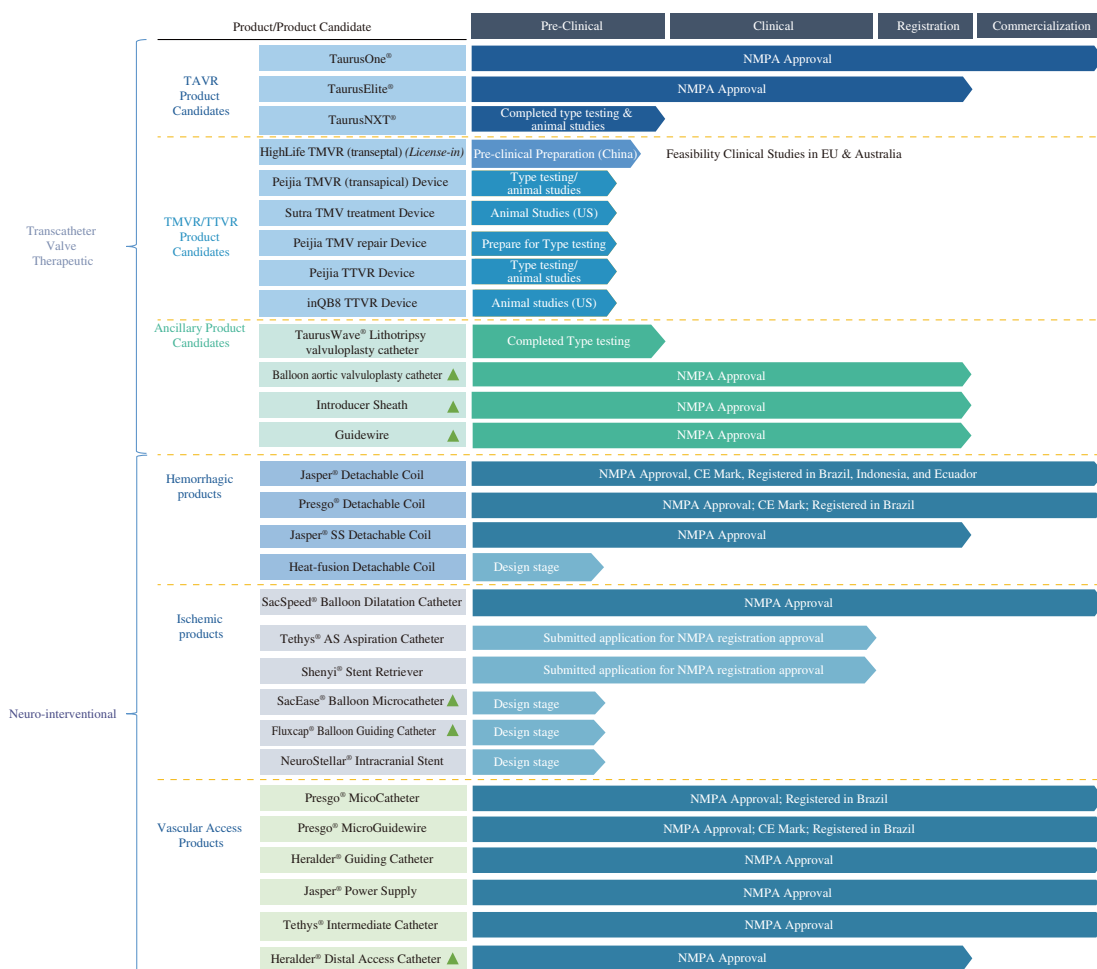
I. Business Review

Overview

We have built a med-tech platform that focuses on the high-growth interventional procedural 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 heart valve therapeutic device market and neurointerventional procedural medical device market.

Products and Pipeline

During the six months ended June 30, 2021, we obtained registration approvals from NMPA for seven products including TaurusOne[®] and TaurusElite[®]. As of June 30, 2021, we had 15 registered products and 14 product candidates at various development stages. The following chart summarizes the development status of our product portfolio as of June 30, 2021:



▲ Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

Heart Valve Therapeutic Products

Our heart valve business focuses on treating the most prevalent valvular heart diseases, including aortic stenosis, mitral regurgitation, tricuspid regurgitation, and heart valve calcification, via transcatheter approaches.

TaurusOne® – First Generation TAVR Product

TaurusOne® is our in-house developed first-generation TAVR product, and is designed to treat aortic valve stenosis using a catheter-based approach. The PAV of TaurusOne® uses bovine pericardium, which is generally more durable and performs better in terms of hemodynamic profile compared with porcine pericardium.

We received the NMPA approval for TaurusOne® in April 2021, and commercialized it shortly afterwards in May 2021. For the six months ended June 30, 2021, our revenue generated from the sales of TaurusOne® amounted to RMB9.38 million.

TaurusElite® – Second Generation TAVR Product

We received the NMPA approval for our second-generation TAVR product, TaurusElite®, in June 2021. TaurusElite® has a structure similar to that of TaurusOne®, and yet it features a key upgrade in its DCS that allows physicians and surgeons to retrieve and reposition the PAV if the initial release position is not ideal, further improving the safety of the TAVR procedure.

TaurusElite® is the second retrievable TAVR product that obtained NMPA approval. We have successfully launched TaurusElite® to the market by the date of this announcement, after the Reporting Period.

TaurusNXT® – Third Generation TAVR Product

TaurusNXT® is the latest generation TAVR system developed by the Company and has a significant different product structure from TaurusOne® and TaurusElite®. TaurusNXT® incorporates our patented anti-calcification technology that removes the need for glutaraldehyde in tissue processing. The technology is expected to greatly enhance the durability and biocompatibility of the PAV. Furthermore, comparing to the traditional dry tissue technology using Glycerin, TaurusNXT® adopts a low-temperature freeze-drying technology to maintain the physical integrity of the valve tissue while allowing the PAV to be pre-loaded onto the DCS. The DCS of TaurusNXT® is both retrievable and steerable, making it even easier for surgeons and physicians to guide the PAV to its target position, thereby further improving the safety of the procedure. We expect to start the patient enrollment process for the clinical trial of TaurusNXT® in the third quarter of 2021.

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

TMV & TTV Replacement and Repair Product Candidates

We have a variety of product candidates in our pipeline that target transcatheter mitral and tricuspid valve interventions.

We entered into a license agreement with HighLife SAS (“**HighLife**”), a French-based medical device company focusing on the development of a novel transeptal replacement system for treating mitral valve regurgitation. Pursuant to the agreement, we are entitled to, among other things, manufacture, develop, and commercialize the HighLife TMV replacement device in the Greater China region. As of June 30, 2021, HighLife had initiated the clinical studies of its TMVR in Europe and Australia, and released partial data during EuroPCR 2021. We are currently in the process of technology transfer, and expect to start the feasibility clinical trial in China for this product in the fourth quarter of 2021.

We also entered into a stock purchase agreement with Sutra Medical, Inc (“**Sutra**”), a US-based medical device company that designs and develops transcatheter solutions to treat valvular heart diseases. The founding team of Sutra is composed of professionals with extensive experience in both academia and industry. Sutra’s key product candidate, Sutra Hemi Valve, is a transcatheter mitral valve therapeutic device that adopts a hybrid approach between valve replacement and repair technology. The device is designed to treat mitral valve regurgitation using a coaptation augmentation technology that targets only the posterior mitral valve leaflet. Sutra Hemi Valve is currently in pre-clinical evaluation stage. For further details, please also refer to the announcement of the Company dated August 27, 2021.

The Company is Sutra’s second largest shareholder after the founder, and has right of first offer if Sutra proposes to offer or sell any new securities, subject to certain customary exceptions. Sutra will share the R&D facilities with the Company’s R&D center in the United States, and will also assist the Company in expanding R&D presence in North America.

Besides the collaborations with our global partners, we have also been developing a transapical TMV replacement device and a transeptal TMV repair clip in-house. Both products are currently in pre-clinical stage.

Regarding the R&D of TTVR devices, the Company has partnered with inQB8 Medical Technologies, LLC (“**inQB8**”), a US-based medical technology incubator, to explore innovative solutions for treating structural heart diseases. The partnership includes the Company’s acquisition of a TTVR technology from inQB8, which is currently in the animal studies stage, and for which inQB8 will continue with device development in partnership with the Company. The arrangement constitutes a 50-50 ownership of the incubator between the Company and inQB8. Under the partnership, in the joint development of novel products and solutions in the structural heart field, the Company will have exclusive privileges and rights to these technologies globally.

inQB8 will serve as a pre-clinical projects incubation center in partnership with the Company. The founding team of inQB8 has multidisciplinary backgrounds in medtech and engineering. Before founding inQB8, the team founded CardiAQ Valve Technologies (“**CardiAQ**”), CardiAQ is a company that developed the world’s first trans-septal TMVR system and was later acquired by Edwards Lifesciences.

TaurusWave® Lithotripsy Valvuloplasty System

Our TaurusWave® lithotripsy valvuloplasty system uses shockwave technology to soften calcification on valve annulus and leaflets so that the prosthetic valve can better fit to the native annulus. The lithotripsy catheter can be used as a stand-alone TAV treatment or be used prior to TAVR or SAVR procedures, in order to alleviate valve stenosis. We have currently completed the type-testing for TaurusWave®, and expect to start first-in-man studies in the third quarter of 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE ABOVE PRE-CLINICAL STAGE PRODUCT CANDIDATES SUCCESSFULLY.

Neurointerventional Procedural Products

We have a comprehensive portfolio of commercialized and pipeline products that target both hemorrhagic and ischemic stroke areas. For the six months ended June 30, 2021, our revenue generated from the sales of neurointerventional products amounted to RMB42.31 million, representing an increase of 197.13% from approximately RMB14.24 million recorded during the same period in 2020.

SacSpeed® Balloon Dilatation Catheter: We launched our first Neurointerventional device targeting ischemic stroke, SacSpeed® Balloon Dilatation Catheter, in the fourth quarter of 2020. For the six months ended June 30, 2021, our revenue generated from the sales of SacSpeed® Balloon Dilatation Catheter was RMB8.25 million, contributing 19.5% of our total sales revenue from neurointerventional products for the Reporting Period.

Tethys® Intermediate Catheter: Our Tethys® Intermediate Catheter assists the delivery of diagnostic devices and/or treatment devices to the neurovascular system and peripheral vascular system, and is applicable in various procedures, including aneurysm embolization procedures, mechanical thrombectomy procedures and Intracranial Atherosclerotic Disease procedures. For the six months ended June 30, 2021, our revenue generated from the sales of Tethys® Intermediate Catheter was RMB6.51 million, contributing 15.4% of our total sales revenue from neurointerventional products for the Reporting Period.

Jasper® SS Detachable Coil: We received the NMPA approval for the Jasper® SS in June 2021, making it the Company’s third NMPA approved detachable coil. The detachment process for Jasper® SS is the same as for Jasper®, our first-generation detachable coil, whereas Jasper® SS provides a softer coil in order to meet further clinical needs during the fill and finish processes of a cerebral aneurysm endovascular coiling procedure. We have successfully commercialized Jasper® SS by the date of this announcement, after the Reporting Period.

Heralder® Distal Access Catheter: We received the NMPA approval for the registration application for Heraldер® Distal Access Catheter in June 2021, and expect to commercialize this product in the third quarter of 2021.

Shenyi® Stent Retriever: Shenyi® stent retriever is our major product candidate designed for removing fresh thrombus in intracranial vessels in a mechanical thrombectomy procedure for patients with acute ischemic stroke. As of June 30, 2021, we have submitted the NMPA registration application for Shenyi® stent retriever, and currently expect to obtain the approval in the second quarter of 2022.

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

Research & Development

Our core R&D team is led by Dr. Zhang, our Chairman of the Board and Chief Executive Officer, Dr. Jian Fong Tan, our Chief Technology Officer, and Mr. Kongrong Karl Pan, our Chief Operating Officer. Each of them is an industry veteran with an impressive academic and professional background, having previously worked in managerial positions at various leading players in the medical device sector.

We have developed deep relationships with global leaders in both the transcatheter valve therapeutic and neurointerventional domains, including world-class scientists, physicians and industry practitioners, giving us a deep understanding of the clinical needs and demands of patients and physicians.

As of June 30, 2021, we had an in-house R&D team of 73 employees dedicated to the research and development of our transcatheter valve therapeutic products and neurointerventional procedural products, accounting for 15.3% of our total number of full-time employees. As of June 30, 2021, we had a robust intellectual property portfolio, consisting of a total of 60 registered patents and 75 patents under application. In addition, we expect to obtain exclusive licensed rights of the four existing patents owned by HighLife regarding its TMVR device.

Manufacturing

We manufacture, assemble and test our products at our two production facilities, one located on our self-owned properties in Suzhou, Jiangsu province, and another located in leased properties in Shanghai. During the six months ended June 30, 2021, we manufactured our Presgo® Detachable Coil, Presgo® Micro Guidewire, Presgo® Micro Catheter, Jasper® Detachable Coil and Jasper® Power Supply in our leased properties in Shanghai with a total area of 1,188.4 sq.m. Since we obtained the Contract Manufacturing License (委託生產許可) to manufacture our Jasper® Detachable Coil in our Suzhou production facility, under the Jiangsu Pilot Marketing Authorization Holder (MAH) System (江蘇醫療器械註冊人制度試點), we relocated part of the Jasper® Detachable Coil's production to Suzhou and manufactured the product at both sites. We currently manufacture our Heraldер® Guiding Catheter, Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, Jasper® SS Detachable Coil, and Heraldер® Distal Access Catheter in our Suzhou facility.

For our transcatheter heart valve business, we had five NMPA approved products as of June 30, 2021, including our first- and second-generation TAVR products, guidewire, introducer sheath, and balloon aortic valvuloplasty catheter, all of which are manufactured or will be manufactured in our Suzhou facility. Our Suzhou facility is also equipped with multiple production lines dedicated to TaurusNXT®, TaurusWave®, and other transcatheter valve therapeutic product candidates.

Commercialization

As of June 30, 2021, we had an expanded sales and marketing team of 85 full-time employees, with 43 of whom dedicated to the sales and marketing of our Neurointerventional products and 42 focusing on the sales and marketing of our Transcatheter Valve Therapeutic devices.

For our heart valve business, we have built an in-house sales and marketing team with professional background and experience in the innovative medical device industry, focusing on the market education and academic promotions for our TAVR products. For the six months ended June 30, 2021, our revenue generated from the sales of TaurusOne® amounted to RMB9.38 million. We commercialized TaurusElite® in July 2021, after the Reporting Period and not long after it obtained NMPA registration approval in June 2021.

Future Outlook

We will continue our commitment to the development and commercialization of interventional solutions for structural heart and neurovascular diseases in China and globally.

Our sales and marketing team of the heart valve business unit will focus on the commercialization of TaurusOne® and TaurusElite®, the two TAVR products that obtained NMPA approvals in the first half of 2021. For our Neurointerventional Business, we intend to keep the sales growth momentum through further penetration of our existing products, and market launch of new products currently in pipeline.

We will continue to advance our pipeline, including TMV/TTV treatment devices, and other valvular therapeutic and neurointerventional product candidates. We will keep strengthening our in-house R&D capabilities while seeking deeper cooperation and strategic partnership around the globe.

II. Financial Review

Revenue

For the six months ended June 30, 2021, the Group's revenue was RMB51.69 million, representing an increase of 263.0% compared to RMB14.24 million for the six months ended June 30, 2020. The Group has launched TaurusOne® from Transcatheter Valve Therapeutic Business in the Reporting Period, of which the revenue was RMB9.38 million. Meanwhile, the Group successfully commercialized SacSpeed® Balloon Dilatation Catheter and Tethys® Intermediate Catheter from Neurointerventional Business. For the six months ended June 30, 2021, the revenue from Neurointerventional Business was RMB42.31 million, representing an increase of 197.1% compared to RMB14.24 million for the six months ended June 30, 2020.

The following table sets forth the components of revenue from neuro-interventional products for the period indicated.

	Six months ended June 30,		2020	
	2021			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Detachable Coil	25,451	60.2	13,709	96.3
Balloon Dilatation Catheter	8,247	19.5	–	–
Intermediate Catheter	6,518	15.4	–	–
Other neuro-interventional products	2,092	4.9	530	3.7
Total	42,308	100.0	14,239	100.0

Cost of Sales

For the six months ended June 30, 2021, the Group's cost of sales was RMB14.29 million, representing an increase of 170.4% as compared to RMB5.29 million for the six months ended June 30, 2020, primarily attributed to (i) the increased sales volume of the Neurointerventional Business; and (ii) new products launched in the Reporting Period.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit increased by 317.7% from RMB8.95 million for the six months ended June 30, 2020 to RMB37.40 million for the six months ended June 30, 2021. Gross profit margin is calculated as gross profit divided by revenue and multiplying the result by 100%. The Group's gross profit margin increased to 72.4% for the six months ended June 30, 2021, as compared to 62.9% for the six months ended June 30, 2020, primarily attributed to the launch of new products of Transcatheter Valve Therapeutic Business and Neurointerventional Business.

Selling and Distribution Expenses

Selling and distribution expenses increased by 320.0% from RMB5.16 million for the six months ended June 30, 2020 to RMB21.68 million for the six months ended June 30, 2021. Such increase was primarily attributable to (i) promotion for new products; (ii) increase in sales promotion and development of multi-sales channels; and (iii) increase in staff costs.

Administrative Expenses

Administrative expenses decreased by 18.7% from RMB65.33 million for the six months ended June 30, 2020 to RMB53.08 million for the six months ended June 30, 2021. The decrease was mainly attributed to (i) the decrease in listing fee; and (ii) the decrease in the amortization of share-based compensation expenses.

R&D Expenses

R&D expense increased by 219.0% from RMB41.16 million for the six months ended June 30, 2020 to RMB131.29 million for the six months ended June 30, 2021. Such increase was primarily attributable to (i) the service expenses paid to Highlife for the R&D on TMVR products; (ii) increase in staff costs; and (iii) the increased investments in the on-going R&D projects.

For the six months ended June 30, 2021, R&D investment in Transcatheter Valve Therapeutic Business amounted to RMB107.99 million and investment in Neurointerventional Business amounted to RMB23.30 million. The following table sets forth the components of R&D expenses for the period indicated.

	Six months ended June 30,			
	2021		2020	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Service expenses for R&D	90,250	68.7	7,037	17.1
Employee benefits expenses	24,101	18.4	22,052	53.6
Raw materials and consumables used	12,679	9.7	7,992	19.4
Depreciation and amortization	2,738	2.1	1,862	4.5
Other	1,523	1.1	2,221	5.4
Total	131,291	100.0	41,164	100.0

Other Income

Other income decreased from RMB7.16 million for the six months ended June 30, 2020 to RMB2.24 million for the six months ended June 30, 2021. The decrease was mainly attributable to the decrease in investment income from bank wealth management products.

Finance Income

Finance Income increased from RMB7.91 million for the six months ended June 30, 2020 to RMB12.98 million for the six months ended June 30, 2021. The increase was mainly due to interest income from term deposits.

Finance Costs

Finance costs decreased from RMB22.98 million for the six months ended June 30, 2020 to RMB0.34 million for the six months ended June 30, 2021. For the six months ended June 30, 2020, the Group recorded foreign exchange losses amounted to RMB22.93 million on Preferred Shares.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at June 30, 2021, the gearing ratio of the Group decreased to 2.03% from 2.42% as at December 31, 2020.

Net Current Assets

The Group's net current assets as at June 30, 2021 was RMB3,116.22 million, as compared to RMB2,499.67 million as at December 31, 2020.

Liquidity and Financial Resources

As at June 30, 2021, the Group's total cash and cash equivalents amounted to approximately RMB3,024.66 million, representing an increase of 23.1% as compared to RMB2,458.16 million as at December 31, 2020. Such increase was primarily attributable to the proceeds from issuance of ordinary shares through the Placing Agreement. The management of the Company is confident that the Group's financial resources is sufficient for its daily operations.

As at June 30, 2021, the current assets of the Group were RMB3,159.23 million, including cash and cash equivalents of RMB3,024.66 million and other current assets of RMB134.57 million.

As at June 30, 2021, the current liabilities of the Group were RMB43.01 million, including trade and other payables of RMB38.47 million and other current liabilities of RMB4.54 million.

As at June 30, 2021, the Group did not have any borrowings.

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

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB37.77 million, which was mainly used in (i) construction of building; (ii) acquiring equipment and machinery; and (iii) land use rights.

Significant Investment

Save as disclosed in this announcement, as at June 30, 2021, the Group did not have any significant investment.

Contingent Liabilities

As at June 30, 2021, the Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As at June 30, 2021, the Group did not conduct any material acquisitions and disposals.

Charge on Assets

As at June 30, 2021, the Group did not have any pledged asset.

Foreign Exchange Exposure

The Group has transactional currency exposures. Certain of cash and cash equivalents and financial instruments issued to investors are dominated in foreign currencies and are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future, should the need arise.

Future Plans For Material Investments and Capital Asset

As at June 30, 2021, the Company was in the negotiation for various transactions with inQB8 and its members, to explore potential collaboration for innovative solutions for treating structural heart diseases. According to certain service agreement between inQB8 and the Company's subsidiary, inQB8 will provide services related to pre-clinical R&D of certain TTVR technology to the Company. In August 2021, the Company subscribed for newly-issued equity interests from inQB8 and acquired existing equity interests from its existing members.

On April 4, 2021, the Company entered into a Series A Preferred Stock Purchase Agreement with Sutra. The Company will subscribe for certain numbers of series A preferred stock upon the achievement of several milestones mutually agreed by Sutra and the Company. In August 2021, the Company completed the initial tranche of subscription. For further details, please also refer to the announcement of the Company dated August 27, 2021.

Save as disclosed above, the Group had not authorized any plan for the material investments or acquisition of capital asset as of the date of this announcement.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Peijia Medical Limited (the “**Company**” and, together with its subsidiaries, collectively the “**Group**”) announces the unaudited consolidated financial results of the Group for the six months ended June 30, 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the six months ended June 30, 2021

	<i>Note</i>	Six months ended June 30,	
		2021	2020
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue	5	51,689	14,239
Cost of sales	6	(14,289)	(5,285)
Gross profit		37,400	8,954
Selling and distribution expenses	6	(21,679)	(5,162)
Administrative expenses	6	(53,082)	(65,325)
Research and development expenses	6	(131,291)	(41,164)
Other income	7	2,237	7,157
Other losses – net	8	(21,399)	(2,788)
Operating loss		(187,814)	(98,328)
Finance income	9	12,980	7,908
Finance costs	9	(340)	(22,980)
Finance income/(costs) – net		12,640	(15,072)
Fair value change in financial instruments issued to investors		–	(1,675,526)
Loss before income tax		(175,174)	(1,788,926)
Income tax expense	10	–	–
Loss for the period and attributable to the owners of the Company		(175,174)	(1,788,926)

		Six months ended June 30,	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Total comprehensive loss for the period and attributable to the owners of the Company		<u>(175,174)</u>	<u>(1,788,926)</u>
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (in RMB per share)	<i>11</i>	<u>(0.27)</u>	<u>(8.68)</u>

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2021

	<i>Note</i>	June 30, 2021 <i>RMB'000</i> (Unaudited)	December 31, 2020 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	12	23,742	18,133
Property, plant and equipment	13	113,262	89,217
Investment properties	14	7,820	8,090
Intangible assets	15	210,076	213,720
Prepayments and other receivables	16	8,004	8,026
Total non-current assets		362,904	337,186
Current assets			
Inventories	17	46,522	25,285
Financial assets at fair value through profit or loss	18	35,208	3,262
Prepayments and other receivables	16	52,841	57,355
Cash and cash equivalents		3,024,659	2,458,161
Total current assets		3,159,230	2,544,063
Total assets		3,522,134	2,881,249
EQUITY AND LIABILITIES			
Equity attribute to owners of the Company			
Share capital and share premium	19	6,323,260	5,512,758
Treasury shares held in a trust		(28,878)	(23,126)
Other reserves		63,677	54,409
Accumulated losses		(2,905,960)	(2,730,786)
Total equity		3,452,099	2,813,255
Liabilities			
Non-current liabilities			
Lease liabilities		3,557	–
Deferred tax liabilities	22	20,320	20,320
Deferred income		3,146	3,284
Total non-current liabilities		27,023	23,604

	<i>Note</i>	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Current liabilities			
Lease liabilities		3,078	9,129
Trade and other payables	23	38,465	34,552
Contract liabilities		1,469	709
		<hr/>	<hr/>
Total current liabilities		43,012	44,390
		<hr/>	<hr/>
Total liabilities		70,035	67,994
		<hr/>	<hr/>
Total equity and liabilities		3,522,134	2,881,249
		<hr/>	<hr/>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

	Share capital and share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Treasury shares held in a trust <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at January 1, 2020 (Audited)	79,563	35,298	–	(673,067)	(558,206)
Comprehensive loss:					
Loss for the period	–	–	–	(1,788,926)	(1,788,926)
Total comprehensive loss	–	–	–	(1,788,926)	(1,788,926)
Transactions with owners in their capacity as owners:					
Share-based payments	–	18,583	–	–	18,583
Automatic conversion of preferred shares upon global offering	3,060,761	(10,937)	–	10,937	3,060,761
Exercise of share options	29,604	(5,084)	–	–	24,520
Shares issued upon global offering	2,069,720	–	–	–	2,069,720
Exercise of over-allotment option	282,794	–	–	–	282,794
Balance at June 30, 2020 (Unaudited)	5,522,442	37,860	–	(2,451,056)	3,109,246
Balance at January 1, 2021 (Audited)	5,512,758	54,409	(23,126)	(2,730,786)	2,813,255
Comprehensive loss:					
Loss for the period	–	–	–	(175,174)	(175,174)
Total comprehensive loss	–	–	–	(175,174)	(175,174)
Transactions with owners in their capacity as owners:					
Issuance of ordinary shares	810,559	–	–	–	810,559
Acquisition of shares by the Trust	–	–	(6,551)	–	(6,551)
Restricted share units granted	(57)	(742)	799	–	–
Share-based payments	–	10,010	–	–	10,010
Balance at June 30, 2021 (Unaudited)	6,323,260	63,677	(28,878)	(2,905,960)	3,452,099

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(178,210)	(114,381)
Interest received	36,075	8,309
Interest paid	(42)	(51)
	<u>(142,177)</u>	<u>(106,123)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(28,364)	(10,430)
Payments for right-of-use assets	(8,300)	–
Payments for intangible assets	(1,108)	(170)
Payments for financial assets at fair value through profit or loss	(32,244)	(532,000)
Proceeds from disposals of financial assets at fair value through profit or loss	–	337,000
Interest income received from financial assets at fair value through profit or loss	–	1,792
Proceeds from disposal of property, plant and equipment	1	312
	<u>(70,015)</u>	<u>(203,496)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Capital contribution from shareholders	–	4
Net proceeds from issue of ordinary shares	810,559	2,361,292
Proceeds from exercise of share options	–	24,520
Payments for listing expenses	(3,041)	(5,143)
Acquisition of shares under the RSU Scheme	(6,551)	–
Repayment of borrowings from related parties	–	(691)
Interest paid to borrowings from related parties	–	(2,301)
Principal elements of lease payments	(827)	(610)
	<u>800,140</u>	<u>2,377,071</u>
Net cash generated from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	2,458,161	504,627
Exchange (losses)/gains on cash and cash equivalents	(21,450)	23,528
	<u>3,024,659</u>	<u>2,595,607</u>
Cash and cash equivalents at end of the period		

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2021

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 laws of the Cayman Islands. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the business of (i) research and development of transcatheter valve therapeutic medical devices (“**Transcatheter Valve Therapeutic Business**”) and (ii) research and development of neurointerventional procedural medical devices (“**Neurointerventional Business**”) in the People’s Republic of China (the “**PRC**”) and other countries. Transcatheter Valve Therapeutic Business is primarily operated by the subsidiaries of the Company mainly comprising of Peijia Medical Technology (Suzhou) Co., Ltd. (“**Peijia Suzhou**”) and Peijia Medical Technology (Shanghai) Co., Ltd. (“**Peijia Shanghai**”), and Neurointerventional Business is primarily operated by Achieva Medical Limited (“**Achieva Medical**”) together with its subsidiaries (“**Achieva Group**”).

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

The Company’s shares have been listed on the main board of the Stock Exchange of Hong Kong Limited since May 15, 2020 (the “**Listing Date**”).

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

2 BASIS OF PREPARATION

The condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2020 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

New standards, amendments and interpretations to existing standards which have been issued but not yet effective on January 1, 2021 are applicable to the Group and have not been early adopted by the Group:

None of these new or amendments to IFRS is expected to have a significant effect on the financial information of the Group.

4 SEGMENT

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

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

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

Transcatheter Valve Therapeutic Business

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

Neurointerventional Business

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

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

The revenue is mainly generated in China.

The segment information provided to the Group's CODM for reportable segments for the six months ended June 30, 2021 and 2020 is as follows:

	Six months ended June 30, 2021		
	Transcatheter Valve Therapeutic Business RMB'000 (Unaudited)	Neurointerventional Business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	9,381	42,308	51,689
Cost of sales	(1,907)	(12,382)	(14,289)
Selling and distribution expenses	(6,437)	(15,242)	(21,679)
Administrative expenses	(38,060)	(15,022)	(53,082)
Research and development expenses	(107,993)	(23,298)	(131,291)
Segment loss	<u>(145,016)</u>	<u>(23,636)</u>	<u>(168,652)</u>

	Six months ended June 30, 2020		
	Transcatheter Valve Therapeutic Business RMB'000 (Unaudited)	Neurointerventional Business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	–	14,239	14,239
Cost of sales	–	(5,285)	(5,285)
Selling and distribution expenses	–	(5,162)	(5,162)
Administrative expenses	(51,855)	(13,470)	(65,325)
Research and development expenses	(20,913)	(20,251)	(41,164)
Segment loss	(72,768)	(29,929)	(102,697)

5 REVENUE

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from sales of goods – at a point in time	51,689	14,239

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Change of work in process and finished goods	(10,296)	(353)
Raw materials and consumables used		
– Research and development expenses	13,125	7,992
– Cost of raw material	13,707	3,147
Service expenses for research and development	90,742	7,279
Employee benefits expenses	66,345	46,896
Professional services	5,899	2,296
Depreciation of property, plant and equipment (Note 13)	6,417	5,105
Utilities and office expenses	5,262	4,022
Amortisation of intangible assets (Note 15)	4,752	2,423
Entertainment expenses	3,584	3,054
Travelling and transportation expenses	3,741	1,411
Auditor's remuneration	2,007	52
Depreciation and amortisation of right-of-use assets (Note 12)	1,024	604
Depreciation and amortisation of investment properties (Note 14)	270	603
Listing expenses	–	26,045
Others	13,762	6,360
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	220,341	116,936

7 OTHER INCOME

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Rental Income	357	747
Government grants-related to income	1,742	3,947
Government grants-related to assets	138	671
Interest income on financial assets at fair value through profit or loss	–	1,792
	<u>2,237</u>	<u>7,157</u>

8 OTHER LOSSES – NET

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Foreign exchange losses – net	(21,341)	(2,805)
(Losses)/Gains on disposal of property, plant and equipment	(102)	65
Losses on disposal of inventories	–	(1)
Others	44	(47)
	<u>(21,399)</u>	<u>(2,788)</u>

9 FINANCE INCOME/(COSTS) – NET

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
Bank interest income	<u>12,980</u>	<u>7,908</u>
Finance costs:		
Interest expense on lease liabilities	(42)	(51)
Interest expense on borrowings from related party (<i>Note 25(b)</i>)	–	(3)
Exchange losses on financial assets at fair value through profit or loss	(298)	–
Exchange losses on financial instruments issued to investors	–	(22,926)
	<u>(340)</u>	<u>(22,980)</u>
Finance income/(costs) – net	<u>12,640</u>	<u>(15,072)</u>

10 INCOME TAX EXPENSE

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

(a) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

(b) Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Group has no estimated assessable profit.

(c) Mainland China

No provision for Mainland China income tax has been provided for at a rate of 25% or 15% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable profits.

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

11 LOSS PER SHARE

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

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Numerator:		
Loss for the period and attributable to owners of the Company (RMB'000)	175,174	1,788,926
Denominator:		
Weighted average number of ordinary shares in issue (thousand)	659,910	206,033
Basic loss per share (RMB)	<u>0.27</u>	<u>8.68</u>

- (i) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months periods ended June 30, 2021 and 2020, the Company had one category of potential ordinary shares: the stock options granted to employees. For the six months periods ended June 30, 2021 and 2020, diluted loss per share was calculated by considering that the above one category of potential ordinary shares, and the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the respective six months periods ended June 30, 2021 and 2020 are the same as basic loss per share.

12 RIGHT-OF-USE ASSETS

	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Right-of-use assets		
– Land use rights (a)	17,186	17,145
– Buildings (b)	6,556	988
	23,742	18,133

(a) Land use rights

- (i) The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the remaining lease term is 30-41 years as of June 30, 2021. The movements of land use rights are analysed as follows:

	Land use rights RMB'000
At December 31, 2020 (Audited)	
Cost	17,856
Accumulated amortisation	(711)
Net book value	<u>17,145</u>
Six months ended June 30, 2021 (Unaudited)	
Opening net book value	17,145
Additions	300
Amortisation charge	(259)
Closing net book value	<u>17,186</u>
At June 30, 2021 (Unaudited)	
Cost	18,156
Accumulated amortisation	(970)
Net book value	<u>17,186</u>

(b) Buildings

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

	Buildings <i>RMB'000</i>
At December 31, 2020 (Audited)	
Cost	4,366
Accumulated depreciation	(3,378)
	<hr/>
Net book value	988
	<hr/>
Six months ended June 30, 2021 (Unaudited)	
Opening net book value	988
Additions	6,333
Depreciation charge	(765)
	<hr/>
Closing net book value	6,556
	<hr/>
At June 30, 2021 (Unaudited)	
Cost	10,699
Accumulated depreciation	(4,143)
	<hr/>
Net book value	6,556
	<hr/>

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At December 31, 2020 (Audited)								
Cost	53,528	2,513	9,832	26,656	2,483	1,054	17,904	113,970
Accumulated depreciation	(6,650)	(1,191)	(4,612)	(3,867)	(365)	-	(8,068)	(24,753)
Net book value	<u>46,878</u>	<u>1,322</u>	<u>5,220</u>	<u>22,789</u>	<u>2,118</u>	<u>1,054</u>	<u>9,836</u>	<u>89,217</u>
Six months ended June 30, 2021 (Unaudited)								
Opening net book value	46,878	1,322	5,220	22,789	2,118	1,054	9,836	89,217
Transferred in from construction in progress	-	-	-	-	-	(981)	981	-
Additions	-	741	2,245	5,560	-	22,019	-	30,565
Disposals	-	(1)	(3)	(99)	-	-	-	(103)
Depreciation charge (Note 6)	(1,545)	(269)	(1,404)	(1,438)	(241)	-	(1,520)	(6,417)
Closing net book value	<u>45,333</u>	<u>1,793</u>	<u>6,058</u>	<u>26,812</u>	<u>1,877</u>	<u>22,092</u>	<u>9,297</u>	<u>113,262</u>
At June 30, 2021 (Unaudited)								
Cost	53,528	3,251	12,031	32,035	2,483	22,092	18,885	144,305
Accumulated depreciation	(8,195)	(1,458)	(5,973)	(5,223)	(606)	-	(9,588)	(31,043)
Net book value	<u>45,333</u>	<u>1,793</u>	<u>6,058</u>	<u>26,812</u>	<u>1,877</u>	<u>22,092</u>	<u>9,297</u>	<u>113,262</u>

14 INVESTMENT PROPERTIES

	Buildings RMB'000	Land use rights RMB'000	Total RMB'000
At December 31, 2020 (Audited)			
Cost	8,405	631	9,036
Accumulated depreciation and amortisation	(919)	(27)	(946)
Net book value	<u>7,486</u>	<u>604</u>	<u>8,090</u>
Six months ended June 30, 2021 (Unaudited)			
Opening net book value	7,486	604	8,090
Depreciation and amortisation charge (Note 6)	(263)	(7)	(270)
Closing net book value	<u>7,223</u>	<u>597</u>	<u>7,820</u>
At June 30, 2021 (Unaudited)			
Cost	8,405	631	9,036
Accumulated depreciation and amortisation	(1,182)	(34)	(1,216)
Net book value	<u>7,223</u>	<u>597</u>	<u>7,820</u>

- (i) For the six months ended June 30, 2021, depreciation and amortisation have been charged to “administrative expenses” amounted to RMB270,000 (six months ended June 30, 2020: RMB603,000).

15 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Technologies <i>RMB'000</i>	Computer Software <i>RMB'000</i>	Total <i>RMB'000</i>
At December 31, 2020 (Audited)				
Cost	51,658	170,740	1,344	223,742
Accumulated amortisation	–	(9,467)	(555)	(10,022)
	<u>51,658</u>	<u>161,273</u>	<u>789</u>	<u>213,720</u>
Six months ended June 30, 2021 (Unaudited)				
Opening net book value	51,658	161,273	789	213,720
Additions	–	–	1,108	1,108
Amortisation charge (<i>Note 6</i>)	–	(4,273)	(479)	(4,752)
	<u>51,658</u>	<u>157,000</u>	<u>1,418</u>	<u>210,076</u>
At June 30, 2021 (Unaudited)				
Cost	51,658	170,740	2,452	224,850
Accumulated amortisation	–	(13,740)	(1,034)	(14,774)
	<u>51,658</u>	<u>157,000</u>	<u>1,418</u>	<u>210,076</u>

16 PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2021 <i>RMB'000</i> (Unaudited)	December 31, 2020 <i>RMB'000</i> (Audited)
Other receivables from third parties	6,068	118
Prepayments to:		
– equipment not received	8,004	8,026
– listing expenses	3,429	300
– third parties	21,577	14,312
Value-added tax recoverable	12,185	10,676
Interest receivables	2,414	25,509
Deposits	2,747	2,143
Others	4,421	4,297
	<u>60,845</u>	<u>65,381</u>
Total	60,845	65,381
Less: non-current portion	<u>(8,004)</u>	<u>(8,026)</u>
Current portion	<u>52,841</u>	<u>57,355</u>

17 INVENTORIES

	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Raw materials	30,120	19,179
Finished goods	10,723	4,223
Work in progress	5,679	1,883
	<u>46,522</u>	<u>25,285</u>

18 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Unlisted investment (i)	<u>35,208</u>	<u>3,262</u>

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

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Opening balance	3,262	–
Additions	32,244	–
Foreign exchange losses	(298)	–
	<u>35,208</u>	<u>–</u>
Closing balance	<u>35,208</u>	<u>–</u>

Unlisted investment represents the interest in convertible notes issued by unlisted investees. The principle amount of convertible note is USD5,450,000 (equivalent to RMB35,208,000) (December 31, 2020: USD500,000 (equivalent to RMB3,262,000)), and the interest rates are from 0% to 12% per annum. The Company has the right to convert the outstanding balance of the convertible note into equity securities of the investee under certain circumstances.

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at December 31, 2020 (Audited)	632,918,000	449	5,512,309	5,512,758
Issuance of ordinary shares (i)	33,800,000	22	810,537	810,559
Restricted share units granted under the trust	–	–	(57)	(57)
As at June 30, 2021 (Unaudited)	666,718,000	471	6,322,789	6,323,260

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at December 31, 2019 (Audited)	11,453,212	8	79,555	79,563
Exercise of share options (ii)	532,715	–	29,604	29,604
Automatic conversion of preferred shares upon global offering (iii)	217,812,460	155	3,060,606	3,060,761
Shares issued pursuant to Capitalization Issue (iv)	227,732,613	162	(162)	–
Shares issued upon global offering (v)	152,511,000	108	2,069,612	2,069,720
Exercise of over-allotment option (vi)	22,876,000	16	282,778	282,794
As at June 30, 2020 (Unaudited)	632,918,000	449	5,521,993	5,522,442

- (i) In January 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, an aggregate of 33,800,000 placing shares to not less than six placees at a price of HK\$29.38 per placing share, representing 5.1% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing.
- (ii) In March 2020, Yi ZHANG, Chairman of the Board, Hong YE, Board Secretary, and Kongrong PAN, Chief Operating Officer, exercised stock options granted to them in 2017 and 2019, and 261,636, 48,579 and 222,500 Shares were issued to them, respectively.
- (iii) All the issued preferred shares were re-designated as Ordinary Shares on 1:1 basis upon the global offering on the Listing Date. The difference between the par value and the offer price of HK\$15.36 per share of the global offering is accounted for under the share premium.
- (iv) Pursuant to a shareholders' resolution passed on April 28, 2020, a total of 434,654,450 shares credited as fully paid at par to the Shares on the register of members of the Company maintained by Hong Kong Share Register at 8:00 am on the Listing Date in proportion to their respective shareholdings by way of capitalization of the sum of US\$43,465.45. The shares allotted and issued pursuant to this resolution rank pari passu in all respects with the existing issued shares of the Company (the "Capitalization Issue").

- (v) On the Listing Date, the Company issued a total of 152,511,000 ordinary shares of US\$0.0001 each at the price of HK\$15.36 per share by means of global offering.
- (vi) On June 7, 2020, the Company issued a total of 22,876,000 ordinary shares of US\$0.0001 each at the price of HK\$15.36 per share by means of fully exercise of the over-allotment option relating to the global offering.

20 TREASURY SHARES HELD IN A TRUST

	Number of treasury shares	Amount RMB'000
As at January 1, 2021 (Audited)	1,077,469	23,126
Acquisition of shares under restricted share units plan (i)	277,000	6,551
Restricted share units granted under the trust (ii)	(32,350)	(799)
	<hr/>	<hr/>
As at June 30, 2021 (Unaudited)	<u>1,322,119</u>	<u>28,878</u>

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

For the six months ended June 30, 2021, the Nominee made on-market purchases of 277,000 shares according to the Company’s instruction (six months ended June 30, 2020: nil). The shares held in the trust are accounted for as treasury shares of the Company.

- (ii) For the six months ended June 30, 2021, 32,350 restricted share units were granted under the trust (six months ended June 30, 2020: nil).

21 SHARE-BASED PAYMENTS

(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

In 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.

As at April 28, 2020, the number and exercise price of above stock options have been adjusted to give effect to the Capitalization Issue.

(iii) The financial impact of stock options in 2017 and in 2019 is as follows:

Movements in the number of stock options granted in 2017 and in 2019 are as follows:

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
At the beginning of period	46,893,480	2,900,989
Exercised before Capitalisation Issue	–	(532,715)
Forfeited before Capitalisation Issue	–	(4,600)
Capitalisation Issue	–	44,909,806
Forfeited after Capitalisation Issue	(69,000)	(300,000)
	<hr/>	<hr/>
At the end of period	46,824,480	46,973,480

(b) **Restricted share units**

During the year ended December 31, 2020, a restricted share award scheme (the “**RSU Scheme**”) was approved and adopted pursuant to a resolution passed on April 28, 2020. The directors of the Company may, from time to time, at its absolute discretion grant restricted share units to selected person in accordance with the RSU Scheme. The overall limit on the number of restricted share units under the RSU Scheme is 6,100,420 shares and the maximum number of shares which may be awarded to any selected person under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at April 28, 2020.

As at June 30, 2021, the accumulated restricted share units granted to directors and a consultant of the Group are as follows:

Restricted share units granted to	Number of granted (Unaudited)	Grant date (Unaudited)	Vesting period (Unaudited)
Directors	57,062	Grant quarterly	3 years
Consultant	53,643	Grant quarterly	–

As at December 31, 2020, the accumulated share units granted to directors and a consultant of the Group are as follows:

Restricted share units granted to	Number of granted (Audited)	Grant date (Audited)	Vesting period (Audited)
Directors	30,688	Grant quarterly	3 years
Consultant	31,843	Grant quarterly	–

The fair value of the restricted share units is measured on the basis of an observable market price as at grant date.

The total expense recognised in the consolidated statement of comprehensive loss for the six months ended June 30, 2021 for the restricted share units granted is RMB958,000 (six months ended June 30, 2020: nil).

As at June 30, 2021, 92,167 restricted share units remained unvested (December 31, 2020: 55,751)

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

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Stock options		
Administrative expenses	5,245	8,536
Research and development expenses	3,534	9,086
Selling and distribution expenses	190	803
Cost of sales	83	158
	<u>9,052</u>	<u>18,583</u>
Restricted share units		
Administrative expenses	477	–
Research and development expenses	481	–
	<u>958</u>	<u>–</u>
Total	<u>10,010</u>	<u>18,583</u>

22 DEFERRED TAX ASSETS AND LIABILITIES

- (i) The movements in deferred tax assets and deferred liabilities during the Track Record Period, without taking into consideration the offsetting of balanced within the same tax jurisdiction, are as follows:

Deferred tax assets

	Tax losses <i>RMB'000</i>
As at January 1, 2021 (Audited)	22,610
Charge to consolidated statements of comprehensive loss	(1,168)
	<hr/>
As at June 30, 2021 (Unaudited)	21,442
	<hr/>

Deferred tax liabilities

	Property, plant and equipment acquired in business combination <i>RMB'000</i>	Investment property acquired in business combination <i>RMB'000</i>	Land use rights acquired in business combination <i>RMB'000</i>	Intangible assets acquired in business combination <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2021 (Audited)	1,492	662	457	40,319	42,930
Credit to consolidated statements of comprehensive loss	(71)	(23)	(6)	(1,068)	(1,168)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at June 30, 2021 (Unaudited)	1,421	639	451	39,251	41,762
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

- (ii) **June 30, 2021**
RMB'000
(Unaudited)

Deferred tax liabilities	
– to be recovered within 12 months	3,032
– to be recovered more than 12 months	38,730
	<hr/>
	41,762
	<hr/>

23 TRADE AND OTHER PAYABLES

	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Trade payables – third party	6,153	8,125
Other payables – third parties	16,519	11,465
Staff salaries and welfare payables	12,241	11,324
Accrued taxes other than income tax	3,552	3,638
	<hr/>	<hr/>
Total	38,465	34,552
Less: non-current portion	–	–
	<hr/>	<hr/>
Current portion	38,465	34,552
	<hr/>	<hr/>

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

	June 30, 2021 RMB'000 (Unaudited)	December 31, 2020 RMB'000 (Audited)
Within 1 year	6,148	8,120
Between 1 year and 2 years	5	5
	<hr/>	<hr/>
	6,153	8,125
	<hr/>	<hr/>

24 FAIR VALUE ESTIMATION

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the condensed consolidated interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, other receivables and trade and other payables) approximate their fair values as at June 30, 2021 and December 31, 2020.

(i) **Fair value hierarchy**

The following table presents the Group's assets and liabilities that were measured at fair value at June 30, 2021:

	Level 1 <i>RMB'000</i> (Unaudited)	Level 2 <i>RMB'000</i> (Unaudited)	Level 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Assets:				
Financial assets at fair value through profit or loss (<i>Note 18</i>)				
– Unlisted investment	–	–	35,208	35,208

The following table presents the Group's assets and liabilities that were measured at fair value at December 31, 2020:

	Level 1 <i>RMB'000</i> (Audited)	Level 2 <i>RMB'000</i> (Audited)	Level 3 <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Assets:				
Financial assets at fair value through profit or loss (<i>Note 18</i>)				
– Unlisted investment	–	–	3,262	3,262

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2021 and December 31, 2020.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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

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

There were no changes in valuation techniques applied as of June 30, 2021 and December 31, 2020.

(iii) Fair value measurements using significant unobservable inputs (level 3)

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended June 30, 2021.

The changes in level 3 instruments for the six months ended June 30, 2021 and six months ended June 30, 2020 are presented in Note 18.

Valuation inputs and relationships to fair value

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

Description	Fair value at June 30, 2021 (RMB'000)	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Unlisted investment	35,208	Discount rate	12.22%	lower discount rate (-1%) would increase fair value by RMB53,000; higher discount rate (+1%) would decrease fair value by RMB53,000

Valuation processes

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments.

The components of the level 3 instruments mainly include investments in wealth management products and convertible notes issued by unlisted entities. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach and binomial model approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimates of weighted average cost of capital (WACC), discount for lack of marketability and other exposure etc.

As at June 30, 2021, the principle amount of convertible notes was USD5,450,000 (equivalent to RMB35,208,000) (December 31, 2020: USD500,000 (equivalent to RMB3,262,000)), and the interest rates were from 0% to 12% per annum. The Company has the right to convert the outstanding balance of the convertible notes into equity securities of the unlisted entities under certain circumstances. The fair value has been determined using valuation techniques such as discount cash flow method. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include estimated time of next financing date, etc.

As at June 30, 2020, the investment in wealth management products mainly represent the investments in wealth management products issued by banks in the PRC with non-guaranteed principal and floating return of investment. The Group used discounted cash flows approach to value the fair value of the financial product as at period end. Due to the short period and low expected return rate ranging from 2.20% to 3.05% per annum, the Group considered the fair value of financial product approximately to the cost.

If the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the six months ended June 30, 2021 and 2020 would have been approximately RMB3,520,800 lower/higher and RMB21,000,000 lower/higher, respectively.

25 RELATED PARTY TRANSACTIONS

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended June 30, 2021 and 2020, and balances arising from related party transactions as at June 30, 2021 and as at December 31, 2020.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Xin Yue International Limited	Shareholder of the Company
Hong YE	Director and shareholder of the Company

(b) Transactions with related party

(i) Repayment of related party's loan

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Hong YE	—	691
	<u> </u>	<u> </u>

(ii) Interest expense

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Hong YE	—	3
	<u> </u>	<u> </u>

(c) **Key management compensation**

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	6,019	4,783
Housing fund, medical insurance and other social insurance	329	150
Share-based compensation expenses	5,624	12,926
	11,972	17,859

26 CAPITAL COMMITMENTS

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

	June 30,	December 31,
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	11,958	7,496

27 DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended June 30, 2021 (six months ended June 30, 2020: nil).

28 SUBSEQUENT EVENTS

As at June 30, 2021, the Company was in the negotiation for various transactions with inQB8 Medical Technologies, LLC (“inQB8”) and its members, to explore potential collaboration for innovative solutions for treating structural heart diseases. According to certain service agreement between inQB8 and the Company’s subsidiary, inQB8 will provide services related to pre-clinical research and development of certain transcatheter tricuspid replacement technology to the Company. In August 2021, the Company subscribed for newly-issued equity interests from inQB8 and acquired existing equity interests from its existing members.

On April 4, 2021, the Company entered into a Series A Preferred Stock Purchase Agreement with Sutra Medical, Inc. (“Sutra”). The Company will subscribe for certain numbers of series A preferred stock upon the achievement of several milestones mutually agreed by Sutra and the Company. In August 2021, the Company completed the initial tranche of subscription.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after the Reporting Period.

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. The Group would apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

The table below sets forth the utilisation of the net proceeds from the Global Offering and the unused amount as at June 30, 2021:

Business objective as stated in the Prospectus	Percentage to total amount %	Net proceeds HK\$ million	Utilised amount as at June 30, 2021 HK\$ million	Unutilised amount as at June 30, 2021 HK\$ million	Expected timeline for unutilised amount
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	81.08	1,601.10	Yr2025
Ongoing pre-clinical studies and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of our other product candidates in our pipeline	10	258.80	118.17	140.63	Yr2025
Strengthen our research and development capabilities to enrich our product pipeline	8	207.04	25.19	181.85	Yr2024
Expand our product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities	10	258.80	0	258.80	Yr2022
Working capital and other general corporate purposes	7	181.16	85.37	95.79	Yr2024
Total	100	2,587.98	309.81	2,278.17	

As at June 30, 2021, 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 the 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 Placing Shares represented approximately 5.3% of the existing issued share capital of the Company as at 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 not less than six Placees. The net proceeds from the Placing were approximately HK\$971.17 million. The table below sets forth the utilisation of the net proceeds from the Placing and the unused amount as at June 30, 2021:

Business objective as stated in the announcement of the Company dated January 22, 2021	Percentage to total amount	Net proceeds	Utilised amount as at June 30, 2021	Unutilised amount as at June 30, 2021	Expected timeline for unutilized amount
	<i>%</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
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)	100	971.48	94.93	876.55	Yr2025
To fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment					
To fund ongoing technology transfer, product development, and research and development, across the Group					
For other general corporate purposes					
Total	100	971.48	94.93	876.55	

As at June 30, 2021, net proceeds from the Placing not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

HUMAN RESOURCES

As of June 30, 2021, the Group had 476 full-time employees, who were all based in China. The total employee benefits expenses of our Group, which consist of (i) wages, salaries and bonuses, (ii) social security costs and housing benefits, (iii) employee welfare and (iv) share-based compensation expenses, for the six months ended June 30, 2021 were approximately RMB66.35 million.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We invest in continuing education and training 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.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended June 30, 2020: nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders 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 A.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. Yi 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. Yi 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. Yi Zhang), four non-executive Directors and three independent non-executive Directors, and therefore has a strong independent element in its composition.

On June 21, 2021, Mr. Wayne Wu (“**Mr. Wu**”) has resigned as an independent non-executive Director, and ceased to be the member of the Audit Committee and Nomination Committee and the chairman of the Remuneration Committee. Upon resignation of Mr. Wu as an independent non-executive Director, the representation of independent non-executive Directors among the Board will fall below the minimum proportion required under Rule 3.10A of the Listing Rules.

Under Rule 3.25 of the Listing Rules, the remuneration committee is required to be chaired by an independent non-executive director and comprises a majority of independent non-executive directors. Upon resignation of Mr. Wu as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee, the Remuneration Committee is not chaired by the independent non-executive Director since June 21, 2021.

Pursuant to the code provision A.5.1 of the CG Code, the nomination committee is required to be chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Upon resignation of Mr. Wu as an independent non-executive Director and ceased to be the member of the Nomination Committee, the Nomination Committee did not comprise a majority of independent non-executive Directors and the Company cannot meet the requirements of code provision A.5.1 of the CG Code since June 21, 2021.

In order to ensure compliance with the Listing Rules and CG Code, the Company will use its best endeavours to identify appropriate candidate(s) to fill the casual vacancy on the Board for the position of independent non-executive Director(s) as soon as practicable and in any event within three months from June 21, 2021 as required under Rule 3.11 of the Listing Rules.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the six months ended June 30, 2021.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the six months ended June 30, 2021. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended June 30, 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On January 29, 2021, the Company allotted and issued a total of 33,800,000 new Shares by the way of Placing at the placing price of HK\$29.38 per Placing Share in accordance with terms and conditions of the Placing Agreement.

As of June 30, 2021, the trustee of the RSU Scheme has purchased an aggregate of 1,417,000 Shares (representing approximately 0.21% of the total issued share capital of the Company) under the RSU Scheme.

As of June 30, 2021, a total of 57,062 Shares (representing approximately 0.009% of the total issued share capital of the Company) have been granted to two independent non-executive Directors, namely Dr. Stephen Newman OESTERLE and Mr. Robert Ralph PARKS, under the RSU Scheme.

As of June 30, 2021, a total of 53,643 Shares (representing approximately 0.008% of the total issued share capital of the Company) have been granted to an external consultant of the Group under the RSU Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2021.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. As of the date of this announcement, the Audit Committee comprises a non-executive Director, namely Mr. Jifeng Guan, and two independent non-executive Directors, namely, Mr. Wai Ming Yip and Mr. Robert Ralph Parks. Mr. Wai Ming Yip is the chairman of the Audit Committee. On June 21, 2021, Mr. Wayne Wu has resigned as an independent non-executive Director and ceased to be the member of the Audit Committee.

The Audit Committee has discussed with the Company's management and reviewed the unaudited interim financial statements of the Group for the Reporting Period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

APPRECIATION

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

DEFINITIONS

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

“Achieva” 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
“aortic valve”	a valve in the human heart between the left ventricle and the aorta
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, Hong Kong, Macau and Taiwan
“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

“confirmatory 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
“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 announcement, refers to TaurusOne®
“DCS”	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
“feasibility clinical trial”	a clinical trial of a medical device product designed to preliminarily demonstrate the safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure)
“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
“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
“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)
“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 10 to the Listing Rules
“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 the Placing Agent or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 33,800,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and Morgan Stanley & Co. International plc dated January 22, 2021 in relation to the Placing
“Placing Shares”	33,800,000 Placing 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
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2021
“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
“SAVR”	surgical aortic valve replacement, a treatment of severe aortic stenosis through open-chest surgery
“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(s)”	ordinary share(s) with nominal value of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter, a unit of area
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“TAVR”	transcatheter aortic valve replacement, a catheter-based technique to implant a new aortic valve in an interventional procedure that does not involve open-chest surgery
“TMVR”	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
“transcatheter valve therapeutic medical devices”	medical devices for the treatment of valvular heart diseases using cardiovascular interventional technique by implanting a prosthetic valve through an artery
“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
“TTVR”	transcatheter tricuspid valve replacement, a catheterbased technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“valvular heart diseases”	the failure or dysfunction of one or more of the four heart valves, where the valves become too narrow and hardened to open fully, or are unable to close completely
“valvuloplasty”	a procedure using balloons to repair a heart valve with a narrowed opening and to improve blood flow through the valve

“we”, “us” or “our” the Company and, unless the context indicates otherwise, its subsidiaries

“%” per cent

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

Hong Kong, August 30, 2021

As of the date of this announcement, the Board comprises Dr. Yi Zhang, Ms. Ping Ye Zhang and Ms. Hong Ye as executive Directors, Dr. Zhiyun Yu, Mr. Jifeng Guan, Mr. Fei Chen, Mr. Jun Yang as non-executive Directors, and Dr. Stephen Newman Oesterle, Mr. Robert Ralph Parks and Mr. Wai Ming Yip as independent non-executive Directors.