Peijia Medical Limited
沛嘉醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9996)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2020 amounted to approximately RMB38.66 million, representing an increase of 106.7% from approximately RMB18.70 million recorded in 2019.
- Gross profit for the year ended December 31, 2020 amounted to approximately RMB25.22 million, representing an increase of 110% from approximately RMB12.01 million recorded in 2019.
- Net loss attributable to equity holders of the Company for the year ended December 31, 2020 amounted approximately RMB2,068.66 million, representing an increase of loss of 288.9% from approximately RMB531.98 million recorded in 2019.
- As of December 31, 2020, cash and bank balances (including restricted cash) amounted to approximately RMB2,458.16 million, representing an increase of 387.1% from appropriately RMB504.63 million as of December 31, 2019.
- Basic and diluted earnings per share for 2020 amounted to RMB-4.43 (2019: RMB-2.33).
- As of December 31, 2020, gearing ratio was 2.42%.

Notes:

1. In the first half of 2019, the Company acquired 100% equity interest in Achieva Medical and its subsidiaries. The acquisition was completed on March 29, 2019. As a result, the operating result for the year ended December 31, 2019 only includes the nine months following the acquisition date.
2. As of December 31, 2020, the Group incurred loss of RMB2,068.66 million, mainly due to fair value loss of RMB1,675.53 million, and foreign exchange loss of RMB221.24 million attributable to financial instruments. The fair value loss attributable to financial instruments is incurred on a non-cash basis and is a one-time occurrence owing to the conversion of Preferred Shares to Ordinary Shares in light of the Global Offering. No further fair value changes from these Shares are expected following the completion of the Global Offering. For the year ended December 31, 2020, after deducting the one-time loss and foreign exchange loss, the Group's loss was RMB171.89 million.

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 audited consolidated annual results of the Group for the year ended December 31, 2020 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended December 31, 2020

		Year ended December 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**38,655**	18,699
Cost of sales	*5*	**(13,432)**	(6,686)
Gross profit		**25,223**	12,013
Selling and distribution expenses	*5*	**(21,126)**	(7,482)
Administrative expenses	*5*	**(117,972)**	(173,367)
Research and development expenses	*5*	**(103,365)**	(55,134)
Other income	*6*	**12,435**	4,049
Other losses – net	*7*	**(198,912)**	(7,002)
Operating loss		**(403,717)**	(226,923)
Finance income		**33,604**	3,944
Finance costs		**(23,017)**	(823)
Finance income – net	*8*	**10,587**	3,121
Fair value change in financial instruments issued to investors		**(1,675,526)**	(308,175)
Loss before income tax		**(2,068,656)**	(531,977)
Income tax expense	*9*	**–**	–
Loss for the year and attributable to owners of the Company		**(2,068,656)**	(531,977)

	Note	Year ended December 31, 2020 RMB'000	2019 RMB'000
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
– Fair value change relating to preferred shares due to own credit risk		**–**	15,856
Other comprehensive income for the year, net of tax		**–**	15,856
Total comprehensive loss for the year and attributable to owners of the Company		**(2,068,656)**	(516,121)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (in RMB per share)	*10*	**(4.43)**	(2.33)

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2020

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Right-of-use assets	**18,133**	6,394
Property, plant and equipment	**89,217**	70,241
Investment properties	**8,090**	22,460
Intangible assets	**213,720**	219,308
Prepayments and other receivables	**8,026**	3,455
Total non-current assets	**337,186**	321,858
Current assets		
Inventories	**25,285**	11,163
Financial assets at fair value through profit or loss	**3,262**	15,000
Prepayments and other receivables	**57,355**	26,836
Cash and cash equivalents	**2,458,161**	504,627
Total current assets	**2,544,063**	557,626
Total assets	**2,881,249**	879,484
EQUITY AND LIABILITIES		
Equity attribute to owners of the Company		
Share capital and share premium	**5,512,758**	79,563
Treasury shares held in a trust	**(23,126)**	–
Other reserves	**54,409**	35,298
Accumulated losses	**(2,730,786)**	(673,067)
Total equity	**2,813,255**	(558,206)

	Note	As at December 31, 2020 RMB'000	2019 RMB'000
Liabilities			
Non-current liabilities			
Financial instruments issued to investors		**–**	1,362,309
Lease liabilities		**–**	1,129
Deferred tax liabilities		**20,320**	20,320
Deferred income		**3,284**	3,591
Trade and other payables	*12*	**–**	154
Total non-current liabilities		**23,604**	1,387,503
Current liabilities			
Lease liabilities		**9,129**	1,233
Trade and other payables	*12*	**34,552**	47,641
Contract liabilities		**709**	1,313
Total current liabilities		**44,390**	50,187
Total liabilities		**67,994**	1,437,690
Total equity and liabilities		**2,881,249**	879,484

1 GENERAL INFORMATION

Peijia Medical Limited (the "**Company**", or "**Peijia Medical**") was incorporated in the Cayman Islands on May 30, 2012 as an exempted company with limited liability under the Company Law of the Cayman Islands. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of (i) research and development 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. The 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**"). The 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**").

These consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 3	Definition of a business
Amendments to IFRS 9, IFRS 7 and IAS 39	Interest rate benchmark reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of these amendments to standards and interpretations did not have any impact on the consolidated financial statements or result in any significant changes in the Group's significant accounting policies.

(b) New standards and interpretations not yet adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the year are as follows:

		Effective date
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IFRS 3	Reference to the conceptual framework	January 1, 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	January 1, 2022
Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020 cycle	January 1, 2022
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

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

3 SEGMENT

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

The CODM assessed the performance of the operation segments mainly based on segment revenues, cost of revenues, selling and distribution expenses, administrative expenses, and research and development expenses of each operation segment. Thus, segment result would present revenues, cost of revenues, 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 relevant periods is as follows:

	Year ended December 31, 2020		
	Transcatheter Valve Therapeutic Business	**Neurointerventional Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue	**–**	**38,655**	**38,655**
Cost of sales	**–**	**(13,432)**	**(13,432)**
Selling and distribution expenses	**–**	**(21,126)**	**(21,126)**
Administrative expenses	**(87,883)**	**(30,089)**	**(117,972)**
Research and development expenses	**(57,291)**	**(46,074)**	**(103,365)**
Segment loss	**(145,174)**	**(72,066)**	**(217,240)**

	Year ended December 31, 2019		
	Transcatheter Valve Therapeutic Business *RMB'000*	Neurointerventional Business *(a)* *RMB'000*	Total *RMB'000*
Revenue	–	18,699	18,699
Cost of sales	–	(6,686)	(6,686)
Selling and distribution expenses	–	(7,482)	(7,482)
Administrative expenses	(156,047)	(17,320)	(173,367)
Research and development expenses	(32,219)	(22,915)	(55,134)
Segment loss	(188,266)	(35,704)	(223,970)

(a) The information of Neurointerventional Business for the year ended December 31, 2019 represented the post-acquisition financial information of Neurointerventional Business.

4 REVENUE

	Year ended December 31,	
	2020 ***RMB'000***	2019 *RMB'000*
Revenue from sales of goods – at a point in time	**38,655**	18,699

5 EXPENSES BY NATURE

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Employee benefits expenses	**107,425**	52,125
Listing expenses	**25,942**	11,837
Testing and clinical trial fees for research and development	**22,154**	13,823
Raw materials and consumables used		
– Research and development expenses	**19,137**	11,884
– Cost of sales	**7,362**	3,174
Depreciation of property, plant and equipment	**10,849**	7,317
Professional service fees	**9,969**	25,558
Utilities and office expenses	**8,993**	5,238
Entertainment expense	**8,202**	2,532
Amortisation of intangible assets	**6,472**	3,533
Meeting expenses	**6,143**	2,316
Advertisement Fee	**5,365**	652
Travelling and transportation expenses	**4,980**	3,219
Auditor's remuneration		
– audit service	**3,558**	52
– non-audit service	**1,558**	368
Depreciation of right-of-use assets	**1,229**	1,418
Depreciation of investment properties	**928**	1,071
Share-based compensation expenses related to re-designation of ordinary shares to preferred shares	**–**	73,538
Share-based compensation expenses related to repurchase of ordinary shares	**–**	15,994
Share-based compensation expenses related to re-designation of preferred shares within different series	**–**	6,837
Others	**5,629**	183
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	**255,895**	242,669

6 OTHER INCOME

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Other income		
Rental income	**762**	1,719
Government grants	**7,975**	1,701
Interest income on financial assets at fair value through profit or loss	**3,698**	629
	12,435	4,049

7 OTHER LOSSES – NET

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Foreign exchange losses – net	**(198,312)**	(6,612)
Losses on disposal of property, plant and equipment	**(379)**	(289)
Others	**(221)**	(101)
	(198,912)	(7,002)

8 FINANCE INCOME – NET

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Finance income:		
Bank interest income	**33,604**	1,527
Exchange gains on financial instruments issued to investors	**–**	2,417
	33,604	3,944
Finance costs:		
Exchange losses on financial instruments issued to investors	**(22,926)**	–
Interest expense on lease liabilities	**(88)**	(124)
Interest expense on borrowings from a related party	**(3)**	(699)
	(23,017)	(823)
Finance income – net	**10,587**	3,121

9 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% or 8.25% 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 year.

(d) 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 follows:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Loss before income tax	**(2,068,656)**	(531,977)
Tax calculated at statutory tax rates applicable to each group entity	**(68,097)**	(21,324)
Tax effect of:		
Expenses not deductible for tax purpose *(Note (i))*	**2,680**	671
Super deduction for research and development expenses	**(13,464)**	(10,300)
Unrecognised tax losses carried forward *(Note (ii))*	**78,881**	30,953
Income tax expense	**–**	–

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

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

Tax losses carried forward

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
2023	**2,402**	2,402
2024	**3,090**	3,090
2025	**4,363**	4,363
2026	**14,915**	14,915
2027	**37,126**	37,126
2028	**50,841**	51,584
2029	**128,878**	128,878
2030	**315,524**	–
	557,139	242,358

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

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2020	2019
Loss for the year and attributable to owners of the Company *(RMB'000)*	**2,068,656**	531,977
Weighted average number of ordinary shares in issue *(thousand)*	**466,994**	228,257
Basic loss per share *(RMB)*	**4.43**	2.33

(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, 2020, the Company had one category of potential ordinary shares: the stock options granted to employees (2019: the Company had two category of potential ordinary shares: the Preferred Shares and the stock options granted to employees). As the Group incurred losses for the years ended December 31, 2019 and 2020, 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, 2019 and 2020 is the same as basic loss per share of the respective years.

11 DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group during the year ended December 31, 2020 (2019: Nil).

12 TRADE AND OTHER PAYABLES

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Trade payables – third party	**8,125**	6,043
Other payables		
– a related party	**–**	691
– third parties	**11,465**	19,036
Staff salaries and welfare payables	**11,324**	6,422
Interest payables – related party	**–**	2,298
Accrued taxes other than income tax	**3,638**	13,305
	34,552	47,795
Less: non-current position	**–**	(154)
Current position	**34,552**	47,641

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

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**8,120**	6,043
Between 1 year and 2 years	**5**	–
	8,125	6,043

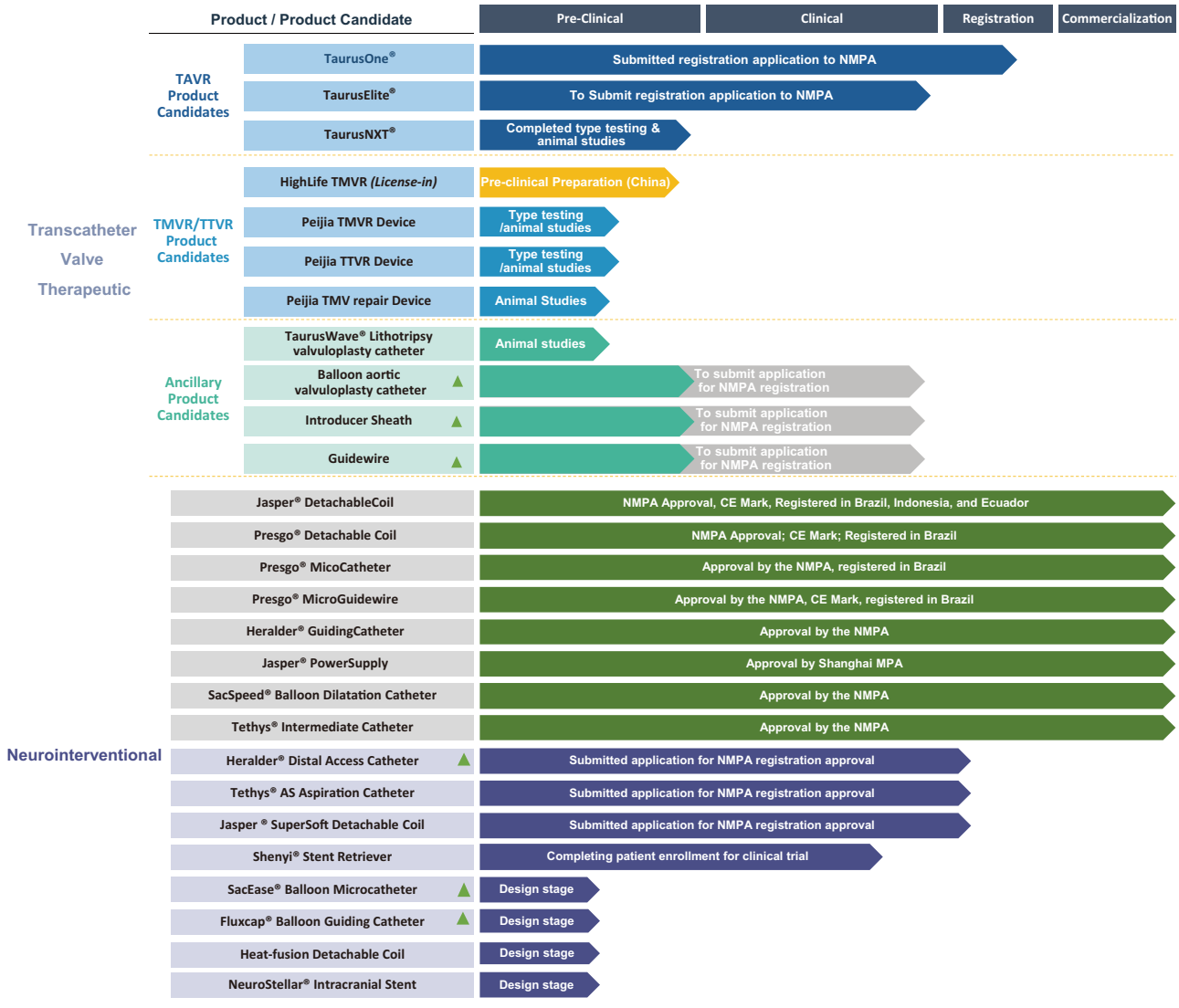
I. Business Review

Overview

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.

Products and Pipeline

As of December 31, 2020, we had eight registered products and 19 product candidates at various development stages. The following chart summarizes the development status of our product portfolio as of December 31, 2020:



▲ 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 product candidates focus on treating the most prevalent heart valve diseases, including aortic stenosis, mitral regurgitation, tricuspid regurgitation, and heart valve calcification.

TaurusOne® – OUR CORE PRODUCT

Our in-house developed first-generation transcatheter aortic valve replacement ("**TAVR**") product, TaurusOne®, is designed to treat aortic valve diseases using a catheter-based approach. The prosthetic aortic value ("**PAV**") of TaurusOne® uses bovine pericardium, which is generally more durable and in general performs better in terms of hemodynamic profile compared with porcine pericardium.

TaurusOne® was recognized as an "innovative medical device" by the NMPA in February 2017, and is therefore eligible for an expedited approval process. We submitted the registration application for TaurusOne® to the NMPA in September 2020, and currently expect to receive the NMPA approval for this product in the second quarter of 2021.

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

TaurusElite® – Second Generation TAVR Product

Our second-generation TAVR product, TaurusElite®, has a similar product structure as TaurusOne® with the same bovine PAV. Further, TaurusElite® contains a delivery catheter system ("**DCS**") with retrieving function, allowing physicians to retrieve and reposition the PAV if the initial release position is not ideal, thereby improving the safety and efficacy of the product. We have completed the patient enrollment process of TaurusElite®'s clinical trial and currenly expect to receive the NMPA approval for TaurusElite® in the third quarter of 2021.

TaurusNXT® – Third Generation TAVR Product

Our third-generation TAVR product, TaurusNXT®, incorporates our patented glutaraldehyde-free anti-calcification and dry tissue technologies, which we believe will significantly enhance the durability of the implanted valve without sacrificing its original functions.

We have completed animal studies and type testing for TaurusNXT®, and expect to initiate the clinical trial of TaurusNXT® in the second quarter of 2021.

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

TMV Replacement and Repair Product Candidates

In December 2020, we entered into a license agreement with HighLife SAS, a France-based medical device company, pursuant to which HighLife SAS has granted to the Company an exclusive license regarding certain proprietary Transcatheter Mitral Valve Replacement ("**TMVR**") products that were previously under development by HighLife SAS. Pursuant to the agreement, we are entitled to, among other things, manufacture, develop, and commercialize certain proprietary TMVR products in the Greater China region. The products are designed to treat mitral regurgitation via a transeptal approach and adopt a unique "valve-in-ring" design. We are currently in the process of technology transfer, and expect to start its clinical trial in China in the fourth quarter of 2021.

Besides the collaboration with HighLife, we have also been researching and developing a transapical TMVR device in-house. We are currently type-testing and conducting animal studies for this TMVR product candidate.

TaurusWave® Lithotripsy Valvuloplasty System

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 also be used prior to TAVR and SAVR procedures in order to alleviate valve stenosis. We are currently conducting animal studies for TaurusWave®, and expect to start first-in-man studies in the second or 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 stroke and ischemic stroke areas. During 2020, despite the negative impact of the COVID-19 pandemic, our revenue generated from the sales of neurointerventional products amounted to RMB38.66 million, representing an increase of 106.7% from approximately RMB18.70 million recorded in 2019.

SacSpeed® Balloon Dilatation Catheter: 2020 also marks the entry of our first registered products targeting ischemic stroke areas. During the year, we have launched SacSpeed® Balloon Dilatation Catheter, a device designed to dilate cerebral stenosis in order to facilitate intracranial blood supply. The product contains a rapid exchange system that simplifies the medical procedure and improves stability.

Tethys® Intermediate Catheter: During 2020 we also obtained the NMPA approval for Tethys® Intermediate Catheter, a product that assists the delivery of diagnostic devices and /or treatment devices to the neurovascular system and peripheral vascular system. This device is applicable in various procedures, including aneurysm embolization procedures, mechanical thrombectomy ("**MT**") procedures and Intracranial Atherosclerotic Disease ("**ICAD**") procedures.

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. We completed the patient enrollment process for the clinical trial of this product in January 2021, and plan to submit the NMPA application once ready.

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

Research & Development

Our research and development 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 December 31, 2020, we had an in-house R&D team of 58 employees dedicated to the research and development of our transcatheter valve therapeutic products and neurointerventional procedural products, accounting for 14.9% of our total number of full-time employees. As of December 31, 2020, we had a robust intellectual property portfolio, consisting of a total of 55 registered patents and 55 patents under application.

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 2020, we manufactured our Presgo® Detachable Coil, Presgo® Micro Guidewire, Presgo® Micro Catheter, and Jasper® Power Supply in our leased properties in Shanghai with a total area of 1,188.4 sq.m. In August 2020, 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), and started to relocate part of the Jasper® Detachable Coil's production to Suzhou. We currently manufacture our Heralder® Guiding Catheter, Tethys® Intermediate Catheter, SacSpeed® Balloon Dilatation Catheter, and all of our transcatheter valve therapeutic product candidates in our Suzhou facility.

For the transcatheter valve therapeutic business unit, our Suzhou facility is equipped with three production lines dedicated to such product candidates, and three production lines dedicated to transcatheter valve ancillary product candidates.

Future Outlook

We will continue to prepare for the commercialization of our TAVR product candidates. In the meantime, we will keep strengthening our in-house R&D capabilities while seeking deeper cooperation and partnership around the globe, in order to advance and expedite the research and development of other product candidates in pipeline.

II. Financial Review

Cost of Sales

For the year ended December 31, 2020, the Group's cost of sales was RMB13.43 million, representing a 100.9% increase as compared to RMB6.69 million for the year ended December 31, 2019. Such increase was primarily attributable to (i) the increased sales volume of the Neurointerventional Business; and (ii) the cost of sales of the Neurointerventional Business which was acquired in March 29, 2019 and was consolidated into the comprehensive financial statement of the Group from the acquisition date onwards for the year ended December 31, 2019.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit increased by 110.0% from RMB12.01 million for the year ended December 31, 2019 to RMB25.22 million for the year ended December 31, 2020. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin increased to 65.3% for the year ended December 31, 2020 as compared to 64.2% for the year ended December 31, 2019, primarily attributable to the improvements in economies of scale.

Other Income

The Group recorded other income of RMB12.44 million for the year ended December 31, 2020, representing a 207.1% increase as compared to RMB4.05 million for the year ended December 31, 2019. The increase was mainly attributable to the increase in government grants and interest income from wealth management products purchased with banks.

Other Losses

The Group recorded other losses of RMB198.91 million for the year ended December 31, 2020, representing a 2,740.8% increase as compared to RMB7.00 million for the year ended December 31, 2019. The increase was mainly attributable to the net foreign exchange loss due to fluctuations in the foreign exchange rate between USD and RMB, the majority of which was unrealized foreign exchange loss.

Research and Development Expenses

Research and development expense increased by 87.5% from RMB55.13 million for the year ended December 31, 2019 to RMB103.37 million for the year ended December 31, 2020. Such increase was primarily due to (i) the research and development expense of the Neurointerventional Business which was acquired in March 29, 2019 and was consolidated into the comprehensive financial statement of the Group from the acquisition date onwards for the year ended December 31, 2019; (ii) increase in staff cost; and (iii) the increased investments in on-going research and development projects. In 2020, our research and development investment in Transcatheter Valve Therapeutic Business amounted to RMB57.29 million, and investment in Neurointerventional Business amounted to RMB46.08 million.

The following table sets forth the components of our research and development expenses for the period indicated.

	Year ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Employee benefits expenses	**49,399**	**47.8**	24,453	44.4
Raw materials and consumables used	**22,731**	**22.0**	11,626	21.0
Testing and clinical trial fees	**21,325**	**20.6**	12,993	23.6
Depreciation and amortization	**5,183**	**5.0**	2,980	5.4
Other	**4,727**	**4.6**	3,082	5.6
Total	**103,365**	**100.0**	55,134	100.0

Selling and Distribution Expenses

Selling and distribution expenses increased by 182.4% from RMB7.48 million for the year ended December 31, 2019 to RMB21.13 million for the year ended December 31, 2020. Such increase was mainly attributable to (i) the selling and distribution expenses of the Neurointerventional Business which was acquired in March 29, 2019 and was consolidated into the comprehensive financial statement of the Group from the acquisition date onwards for the year ended December 31, 2019; (ii) increase in staff costs; and (iii) increase in sales promotion costs.

Administrative Expenses

Administrative expenses decreased by 32.0% from RMB173.37 million for the year ended December 31, 2019 to RMB117.97 million for the year ended December 31, 2020. The decrease was mainly attributed to decrease in share-based compensation expenses related to re-designation and repurchase of shares.

Finance Income

Finance income increased from RMB3.94 million for the year ended December 31, 2019 to RMB33.60 million for the year ended December 31, 2020. The increase was mainly due to interest income from term deposits.

Finance Costs

Finance costs increased from RMB0.82 million for the year ended December 31, 2019 to RMB23.02 million for the year ended December 31, 2020. The increase was mainly attributable to the appreciation in USD against RMB which resulted in foreign exchange losses of the Preferred Shares.

Increases in finance costs attributable to foreign currency fluctuations in relation to the conversion of Preferred Shares to Ordinary Shares are a one-off occurrence, and are not expected to reoccur following completion of the Global Offering.

Fair Value Change in Financial Instruments Issued to Investors

As disclosed in the Prospectus, and already mentioned above, fair value losses attributable to financial instruments were sustained as a result of the automatic conversion of the Preferred Shares into Ordinary Shares on the Listing Date in light of the Global Offering. The difference between the fair value of the Preferred Shares as at December 31, 2019 and offer price of HK$15.36 per share of the Global Offering is accounted for as fair value loss in the comprehensive loss. The fair value loss of financial instruments is a non-cash item, and a one-time occurrence. Consequently, no further fair value changes from these Preferred Shares are to be expected following the completion of the Global Offering.

Fair value change in financial instruments issued to investors increased by 443.7% from RMB308.18 million for the year ended December 31, 2019 to RMB1,675.53 million for the year ended December 31, 2020. The increase was mainly due to increase in the valuation of our Company.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2020, the gearing ratio of the Group increased to 2.42% from -257.56% as at December 31, 2019.

Net Current Assets

The Group's net current assets as at December 31, 2020 was RMB2,499.67 million, as compared to RMB507.44 million as at December 31, 2019.

Liquidity and Financial Resources

As at December 31, 2020, the Group's total cash and cash equivalents amounted to approximately RMB2,458.16 million, representing an increase of 387.1% as compared to approximately RMB504.63 million as at December 31, 2019. Such increase was primarily attributable to the proceeds from the Global Offering. The management is confident that the Group's financial resources is sufficient for its daily operations.

As at December 31, 2020, the current assets of the Group were RMB2,544.06 million, including cash and cash equivalents of RMB2,458.16 million and other current assets of RMB85.9 million.

As at December 31, 2020, the current liabilities of the Group were RMB44.39 million, including Trade and other payables of RMB34.55 million and other current liabilities of RMB9.84 million.

As at December 31, 2020, the Group did not have any borrowings.

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB35.21 million, which was mainly used in (i) construction of building, (ii) acquiring equipment and machinery, and (iii) land use rights.

Significant Investments

As at December 31, 2020, the Group did not have any significant investments.

Contingent Liabilities

As at December 31, 2020, the Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As at December 31, 2020, the Group did not conduct any material acquisitions and disposals.

Charge on Assets

As at December 31, 2020, the Group did not have any pledged asset.

Foreign Exchange Exposure

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

Revenue

During the Reporting Period, all of our revenue was generated from sales arising under our Neurointerventional Business.

The Group's revenue for December 31, 2020 was RMB38.66 million, representing an increase of 106.7% compared to RMB18.70 million for December 31, 2019.

Future Plans For Material Investments and Capital Asset

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

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 December 31, 2020:

Business objective as stated in the Prospectus	**Percentage to total amount** *%*	**Net proceeds** *HK$ million*	**Utilised amount as at December 31, 2020** *HK$ million*	**Unutilised amount as at December 31, 2020** *HK$ million*	**Expected timeline for unutilized amount**
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	38.31	1,643.87	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	50.14	208.66	Yr2025
Strengthen our research and development capabilities to enrich our product pipeline	8	207.04	11.59	195.45	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	38.90	142.26	Yr2024
Total	100	2,587.98	138.94	2,449.04	

Notes:

As at December 31, 2020, net proceeds not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

COVID – 19 IMPACT AND RESPONSE

The outbreak of COVID-19 had an adverse impact on our product sales, financial condition and results of operations. Delays have been caused to our animal studies, clinical trials and product registration, since medical resources of hospitals in China were allocated to addressing COVID-19. However, we believe that we have sufficient cash position and other available financial resources to cover at least 125% of our costs for normal operations for at least the next 12 months from the date of this announcement.

It is uncertain when, and whether, COVID-19 could be contained. The above analysis is made by our management team based on currently available information concerning COVID-19. Management of the Company cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our results of operations.

HUMAN RESOURCES

As of December 31, 2020, the Group had 389 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 year ended December 31, 2020 were approximately RMB107.43 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 salary, promotion and career development.

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

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

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

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 net proceeds from the Placing will be used for the following purposes:

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);

ii. to fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment;

iii. to fund ongoing technology transfer, product development, and research and development, across the Group; and

iv. for other general corporate purposes where appropriate.

Details of the Placing have been set out in the announcements of the Company dated January 22, 2021 and January 29, 2021.

As at the date of this announcement, the unused net proceeds were deposited with certain licensed banks in Hong Kong.

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were first listed on the Main Board of the Stock Exchange on May 15, 2020.

As at December 31, 2020, the trustee of the RSU Scheme has purchased an aggregate of 1,140,000 Shares (representing approximately 0.18% of the total issued share capital of the Company) under the RSU Scheme. A total of 30,688 Shares (representing approximately 0.005% 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. Please refer to the announcement of the Company dated October 5, 2020 for further details.

A total of 31,843 Shares (representing approximately 0.005% 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 period from the Listing Date and up to the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the Reporting Period.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from May 17, 2021 to May 21, 2021, both days inclusive and during which period no Share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on May 21, 2021 (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on May 14, 2021.

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 announcement, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in the CG Code as contained in Appendix 14 to the Listing Rules, as its own code to govern its corporate governance practices.

As the shares of the Company were listed on the Stock Exchange with effect from the Listing Date, the CG Code did not apply to the Company during the period before the Listing Date.

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, chief executive officer and chief technology 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 four independent non-executive Directors, and therefore has a strong independent element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date and up to December 31, 2020.

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 TRANACTIONS

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 period from the Listing Date and up to December 31, 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date and up to December 31, 2020.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises a non-executive Director, namely Mr. Jifeng Guan, and three independent non-executive Directors, namely, Mr. Wai Ming Yip, Mr. Robert Ralph Parks and Mr. Wayne Wu. Mr. Wai Ming Yip is the chairman of the Audit Committee.

The Audit Committee had reviewed together with the Company's management the audited consolidated financial statements of the Group for the Reporting Period, including accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of comprehensive loss, consolidated balance sheet and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group's auditors, PricewaterhouseCoopers (the "**Auditors**"), to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period.

The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.peijiamedical.com). The annual 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 annual 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
"CE Marking"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"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®

"COVID-19"	coronavirus disease 2019
"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
"FDA"	the Food and Drug Administration, a federal agency of the United States Department of Health and Human Services
"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
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"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
"hemorrhagic stroke"	a condition where a blood vessel ruptures within the brain (intracerebral hemorrhage) or into the space surrounding the brain (subarachnoid hemorrhage)
"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
"International Underwriters"	has the meaning as ascribed to it under the Prospectus
"Joint Global Coordinators"	Morgan Stanley Asia Limited, Huatai Financial Holdings (Hong Kong) Limited, BOCI Asia Limited and UBS AG Hong Kong Branch
"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
"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"	the Series A Preferred Shares, Series A-1 Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and/or Series C-1 Preferred Shares
"Prospectus"	the prospectus of the Company dated May 5, 2020, in relation to the Global Offering
"Reporting Period"	the year ended December 31, 2020
"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
"Series A Preferred Shares"	the 1,900,000 series A preferred shares of our Company, par value US$0.0001 per share

"Series A-1 Preferred Shares"	the 2,088,204 series A-1 preferred shares of our Company, par value US$0.0001 per share
"Series B Preferred Shares"	the 1,527,110 series B preferred shares of our Company, par value US$0.0001 per share
"Series C Preferred Shares"	the 1,969,118 series C preferred shares of our Company, par value US$0.0001 per share
"Series C-1 Preferred Shares"	the 3,406,191 series C-1 preferred shares, par value US$0.0001 per share
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai MPA"	Shanghai Medical Products Administration (上海市藥品監督管理局)
"Share Swap Agreement"	the share swap agreement dated November 19, 2018 entered into by and amongst our Company, Achieva Medical and the then shareholders of Achieva Medical pursuant to which the then shareholders of Achieva Medical transferred to our Company all the outstanding shares of Achieva Medical in consideration of the allotment and issuance by our Company to each of the then shareholders of Achieva Medical certain number of our Shares in the proportion of 3.5682 shares of Achieva Medical to 1 Share of our Company
"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, March 29, 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, Mr. Wayne Wu and Mr. Wai Ming Yip as independent non-executive Directors.