Rainmed Medical Limited
潤邁德醫療有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：2297

2022
INTERIM REPORT
中期報告

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Huo Yunfei (霍雲飛)
(Chairman and Chief Executive Officer)
Mr. Lyu Yonghui (呂永輝) *(Joint Chief Executive Officer)*
Mr. Zhang Liang (張亮) *(Chief Financial Officer)*
Ms. Gu Yang (谷陽) *(Vice President)*

Non-Executive Directors

Mr. Wang Lin (王霖)
Mr. Heng Lei (衡磊)

Independent Non-Executive Directors

Mr. Liu Shuen Kong (廖船江)
Mr. Li Ho Man (李浩民)
Mr. Lau Tsz Ho Tony (劉梓浩)

Audit Committee

Mr. Liu Shuen Kong *(Chairperson)*
Mr. Li Ho Man
Mr. Lau Tsz Ho Tony

Remuneration Committee

Mr. Li Ho Man *(Chairperson)*
Ms. Gu Yang
Mr. Liu Shuen Kong

Nomination Committee

Mr. Huo Yunfei *(Chairperson)*
Mr. Liu Shuen Kong
Mr. Li Ho Man

Joint Company Secretaries

Mr. Zhang Liang
Ms. Chu Cheuk Ting (朱卓婷)

Authorized Representatives

Mr. Zhang Liang
Ms. Chu Cheuk Ting

Legal Advisers

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

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Campbells

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor

Compliance Adviser

Opus Capital Limited

Registered Office
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Headquarter and Principal Place of Business in China
Building 31, Northeast District
No. 99, Jinji Lake Avenue
Suzhou Industrial Park
Suzhou, Jiangsu Province, PRC

Principal Place of Business in Hong Kong
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Principal Share Registrar and Transfer Office
Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Hong Kong Share Registrar
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

Principal Bank
China Merchants Bank Co., Ltd.
Suzhou Dushuhu branch

Company Website
www.rainmed.com

Stock Code
2297

Listing Date
July 8, 2022

FINANCIAL HIGHLIGHTS

Revenue

Substantially all of our revenue was generated from the sales of our caFFR System, comprising a console (the FlashAngio caFFR system) and its proprietary consumable (the FlashPressure caFFR pressure transducer), since its commercialization in October 2019. We sold substantially all of our products through our distributors for the six months ended June 30, 2022 and 2021. Our contracts with distributors include a component of installing our devices and training services in addition to delivering products. We recognize revenue for sales of products upon delivery and recognize revenue for installation and training services after we have completed the relevant services. The following table sets forth a breakdown of our revenue by nature for the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of products		
— Sales of FlashAngio caFFR system	**7,433**	11,782
— Sales of FlashPressure caFFR pressure transducer	**44,172**	31,878
Installation and training services	**294**	424
Total	**51,899**	44,084

Our revenue increased by approximately 17.7% from RMB44.1 million for the six months ended June 30, 2021 to RMB51.9 million for the six months ended June 30, 2022, primarily due to the increased sales of our FlashPressure caFFR pressure transducer.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 16.9% from RMB38.3 million for the six months ended June 30, 2021 to RMB44.8 million for the six months ended June 30, 2022, primarily due to the increased sales of our caFFR System. Our gross profit margin remained relatively stable at 87.0% for the six months ended June 30, 2021 and 86.4% for the same period in 2022.

Research and Development Expenses

During the Reporting Period, our R&D expenses primarily consisted of (i) employee benefit expenses, including salaries, bonus and fringe benefits for R&D team; (ii) raw material costs for our R&D activities; (iii) professional service expenses, mainly representing expenses incurred in relation to (a) our intellectual property rights, such as patent application fees and patent maintenance fees, (b) our product registration applications; (iv) clinical trial and testing expenses, including (a) payments to CROs, hospitals, SMOs and other service providers in connection with our R&D activities, and (b) our testing expenses for our products; (v) share-based payment expenses in relation to the Pre-IPO Share Option Scheme granted to certain members of our R&D team; and (vi) depreciation and amortization charges. The following table sets forth a breakdown of our R&D expenses for the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	**15,984**	4,381
Raw material costs	**4,809**	1,415
Professional service expenses	**2,428**	1,099
Clinical trial and testing expenses	**1,713**	613
Share-based payment expenses	**1,300**	—
Depreciation and amortization charges	**1,087**	277
Other expenses	**630**	108
Total	**27,951**	7,893

Our R&D expenses increased significantly from RMB7.9 million for the six months ended June 30, 2021 to RMB28.0 million for the six months ended June 30, 2022, representing approximately 254.1% year-on-year increase over the same period in 2021. Such increase was primarily due to (i) an increase of RMB11.6 million in employee benefit expenses mainly as a result of salary increase and an increase in our R&D employee headcount; (ii) an increase of RMB3.4 million in investment in raw material costs; and (iii) an increase of RMB1.3 million in share-based payment expenses as a result of the Pre-IPO Share Option Scheme granted to certain members of our R&D team in 2022.

Selling Expenses

During the Reporting Period, our selling expenses primarily consisted of (i) employee benefit expenses, including salaries, bonus and fringe benefits for sales and marketing team; (ii) marketing development expenses, primarily including expenses in connection with our sales and marketing activities, such as conference costs, travel expenses, expenses incurred for exhibitions and expenses paid to third-party research institutes for conducting market researches; (iii) share-based payment expenses in relation to share awards and the Pre-IPO Share Option Scheme granted to certain members of our sales team; and (iv) depreciation and amortization charges. The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	**17,622**	11,254
Marketing development expenses	**10,606**	8,411
Share-based payment expenses	**1,957**	25,249
Depreciation and amortization charges	**1,626**	253
Other expenses	**643**	692
Total	**32,454**	45,859

Our selling expenses significantly decreased from RMB45.9 million for the six months ended June 30, 2021 to RMB32.5 million for the six months ended June 30, 2022, representing approximately 29.2% year-on-year decrease over the same period in 2021. Such decrease was primarily due to a decrease of RMB23.3 million in share-based payment expenses as a result of the share awards and the Pre-IPO Share Option Scheme granted to certain members of our sales team. The decrease was partially offset by an increase of RMB6.4 million in employee benefit expenses mainly as a result of an increase in our sales and marketing employee headcount to support our increasing sales and marketing activities.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses primarily consisted of (i) employee benefit expenses, including salaries, bonus and fringe benefits for administrative team; (ii) listing expenses; (iii) depreciation and amortization charges; (iv) share-based payment expenses in relation to share awards and the Pre-IPO Share Option Scheme granted to certain members of our general management team; and (v) professional service expenses, which were primarily associated with corporate legal services. The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	**18,183**	7,054
Listing expenses	**14,354**	3,899
Depreciation and amortization charges	**5,111**	2,603
Share-based payment expenses	**3,853**	41,196
Professional service expenses	**1,464**	2,652
Other expenses[Note]	**4,189**	2,708
Total	**47,154**	60,112

Note: Mainly included office expenses, entertainment expenses, travel expenses and property management fees.

Our general and administrative expenses decreased significantly from RMB60.1 million for the six months ended June 30, 2021 to RMB47.2 million for the six months ended June 30, 2022, representing approximately 21.5% year-on-year decrease over the same period in 2021. Such decrease was primarily due to (i) a decrease of RMB37.3 million in share-based payment expenses as a result of the share awards and the Pre-IPO Share Option Scheme granted to certain members of our general management team. The decrease was partially offset by (ii) an increase of RMB11.1 million in employee benefit expenses mainly in relation to an increase in salaries and our administrative employee headcount; and (iii) an increase of RMB10.5 million in listing expenses.

Other Income

Our other income increased from RMB0.3 million for the six months ended June 30, 2021 to RMB3.4 million for the six months ended June 30, 2022, primarily due to an increase in government grants related to costs, as a result of our receipt of one-off government grants in 2022.

Income Tax Credit

Our income tax credit increased from RMB1.0 million for the six months ended June 30, 2021 to RMB11.1 million for the six months ended June 30, 2022, primarily due to the recognition of deferred income tax assets mainly resulted from the increased loss before income tax recognized in 2022.

Fair Value Loss of Financial Liabilities

Our fair value loss of financial liabilities represented the changes in fair value of the preferred shares in relation to our Series Angel-1, Series Angel-2, Series A+, Series B, Series C-1, Series C-2 and Series D Preferred Shares (collectively, "**Refundable Preferred Shares**"). Subsequent to initial recognition, changes in the fair value of our Refundable Preferred Shares are recognized in the consolidated income statement. Our fair value loss of financial liabilities increased significantly from RMB179.8 million for the six months ended June 30, 2021 to RMB1,166.3 million for the six months ended June 30, 2022, primarily attributable to the increase in the fair value of our Refundable Preferred Shares in line with the increase of the Group's valuation in 2022. Upon the listing on July 8, 2022, the Refundable Preferred Shares have been irrevocably converted into ordinary shares, after which no further loss or gain on fair value changes of the Refundable Preferred Shares should be recognized.

Loss for the Period

For the reasons described above, we recorded a loss of RMB1,210.2 million for the six months ended June 30, 2022, compared with a loss of RMB253.7 million for the six months ended June 30, 2021.

Liquidity and Financial Resources

Our primary uses of cash were to fund the development of our product candidates, our clinical trials, our payment for the purchase of plant and equipment, administrative expenses, selling expenses and other recurring expenses.

For the six months ended June 30, 2022, our net cash used in operating activities was RMB48.5 million, primarily because we incurred significant R&D expenses, administrative expenses and selling expenses during the Reporting Period. Our operating cash flow will continue to be affected by our operating expenses such as R&D expenses. During the Reporting Period, we mainly relied on capital contribution from Shareholders and equity financing as the main source of liquidity. Our management closely monitors the utilization of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with the net proceeds from the Global Offering, our cash and cash equivalents on hand and cash generated from our operations.

For the six months ended June 30, 2022, our net cash used in investing activities was RMB12.2 million, primarily attributable to purchases of property, plant and equipment items, purchases of intangible assets and purchases of wealth management products of RMB8.1 million, RMB0.7 million and RMB3.4 million, respectively.

For the six months ended June 30, 2022, our net cash used in financing activities was RMB3.9 million, primarily attributable to lease payments and listing expenses of RMB3.6 million and RMB0.3 million, respectively.

As at June 30, 2022, our cash and cash equivalents amounted to RMB518.5 million, representing a decrease of RMB40.6 million from RMB559.1 million as at December 31, 2021. Our net current assets decreased from RMB531.6 million as at December 31, 2021 to RMB501.4 million as at June 30, 2022, primarily attributable to the decrease in cash and cash equivalents.

As at June 30, 2022, the Group's gearing ratio, which is calculated by interest-bearing borrowing less cash and cash equivalent divided by total equity, was 0% since the Group had no interest-bearing borrowing.

Indebtedness

As at June 30, 2022, we did not have any outstanding balance of borrowings. We had unutilized bank facilities of RMB190.0 million.

Our lease liabilities decreased from RMB16.7 million as at December 31, 2021 to RMB12.3 million as at June 30, 2022, primarily attributable to lease payments.

Capital Commitments

As at June 30, 2022, we had capital commitments contracted but not provided for of RMB7.4 million in relation to the purchase of construction and furnishing services and equipment for the Group's production plants.

Charges on Assets

As at June 30, 2022, the Group had no pledge of assets (for the six months ended June 30, 2021: nil).

Contingent Liabilities

As at June 30, 2022, we did not have any material contingent liabilities (for the six months ended June 30, 2021: nil).

Significant Investments, Material Acquisitions and Disposals

We did not have any significant investments held, nor did we make any material acquisitions and disposals of subsidiaries during the Reporting Period.

Foreign Exchange Exposure

We are exposed to foreign currency risk primarily arising from cash at banks denominated in USD. We currently do 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 or Capital Assets

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize Shareholders' interest. The Group will continue to push products development in our pipeline. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

Human Resources

As of June 30, 2022, the Group employed 391 full-time employees, all of whom were stationed in China. During the Reporting Period, the Group's total employee benefit expenses (including (i) wages, salaries and bonuses; (ii) social security costs; (iii) employee benefits; and (iv) equity-settled share awards) amounted to approximately RMB62.7 million. We recruit our employees based on a number of factors, including their work experience, educational background and the requirements of the relevant vacancies. We invest in continuing education and training programmes for our management staff and other employees to continuously improve their skills and knowledge. We provide regular feedback to our employees, as well as internal and external training in various areas such as product knowledge, project development and team building. We also assess the performance of our employees to determine their salaries, promotion opportunities and career development. In accordance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as tenure, 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 certain percentages of the salaries (including bonuses and allowances) of our employees, up to a maximum amount specified by the local government. The adoption of the Pre-IPO Share Option Scheme of 707,628 Shares (adjusted to 35,381,400 Shares after the capitalization issue) was approved at the Board meeting of the Company held on December 10, 2021. The purpose of the Scheme is to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group. The scheme also helps the Company to modernize its remuneration practices and improve the balance of interests among Shareholders, operation and execution management by aligning their interests.

Subsequent Events after the Reporting Period

On July 8, 2022, the Company was listed on the Main Board of the Stock Exchange, involving 23,348,000 Shares issued and allotted under the Global Offering. On the same day, an aggregate of issued 9,989,660 Refundable Preferred Shares and 1,527,460 Series A Preferred Shares were irrevocably converted to 11,517,120 ordinary shares immediately prior to the completion of the capitalization issue and the Listing. The special rights of the holders of Preferred Shares were terminated upon the Listing. On July 30, 2022, the Over-allotment Option as stated in the Prospectus was partially exercised by the sole global coordinator (on behalf of the international underwriters), involving a total of 451,000 Shares. For details of the partial exercise of the Over-allotment Option, please refer to the announcement of the Company published on August 1, 2022. Save as disclosed above, there is no material subsequent event undertaken by the Company or the Group after the Reporting Period and up to the date of this interim report.

Impact of the COVID-19 Pandemic

The outbreak of COVID-19 since December 2019 did not have long-term material and adverse impact on our clinical trials or overall clinical development plans, operations, supply chains, and financial condition. With effective quarantine measures taken by the Chinese government to reduce confirmed COVID-19 cases in China, as well as the various precautionary measures implemented by us to adjust our employees' work arrangements in accordance with the relevant regulations and policies, we were able to maintain a sufficient number of personnel to work on-site and continue our research and development activities. While the sporadic outbreak of COVID-19 in China in March 2022 to May 2022 has affected and restricted the general level of economic activity in China, economic activities have resumed since June 2022.

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that as of the date of this interim report, COVID-19 has not had any long-term material adverse impact on our operations. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact the pandemic may have on our business, results of operations and financial condition. We note that any travel restrictions or quarantine as a result of the outbreak of COVID-19 may result in potential delay with the progress of our clinical trials and our operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Founded in 2014, we are committed to becoming a global leading vascular interventional surgical robotics company, with our current focus on the design, development and commercialization of coronary angiography-derived fractional flow reserve system ("**caFFR System**") and coronary angiography-derived index of microvascular resistance system ("**caIMR System**"). Our Core Products, caFFR System and caIMR System, are innovative medical devices used to evaluate the severity of myocardial ischemia arising from coronary artery stenosis and microvascular dysfunction, which are the underlying causes of CAD. They are designed to eliminate the usage of pressure wires, significantly reduce the risk of technical errors and operation time, and improve physiological assessment. These two systems are currently utilized singularly for precision diagnosis of CAD. As FFR measures the macro-circulation of arteries which account for 5% of all arteries and IMR measures the micro-circulation of arteries which account for 95% of all arteries, therefore, using a combination of IMR and FFR can provide a comprehensive evaluation on coronary circulation status of CAD patients. These two systems are expected to form the center and crucial modules for our future vascular interventional surgical robots.

Our caFFR System has obtained both certificates of CE Mark in Europe and NMPA approval in China. With the high accuracy rate of over 95% and convenient operation process that takes less than five minutes, our caFFR System has become a leading domestic FFR measurement product and is currently competing closely with an international leading medical device company for the national leader position in FFR measurement market in China. We plan to expand the indication of our caFFR System from the current scope (covering patients with stable angina pectoris, unstable angina pectoris and post-acute phase of myocardial infarction) to further cover patients experiencing acute STEMI, acute NSTEMI and HFpEF. In addition, we are also developing our caIMR System, which is the only less-invasive IMR measurement product having completed a confirmatory clinical trial globally and is expected to become the first less-invasive IMR system approved for commercialization globally. Building on our caFFR System and caIMR System, we aim to launch our vascular interventional surgical robot, a one-stop hybrid procedure, that can be carried out for diagnostic and therapeutic purposes by connecting and integrating all our clinical applications, to automate the whole process of PCI by 2024.

Commercialization

During the first half of 2022, we kept on expanding the market channels of our commercialized product caFFR system and have achieved outstanding results, which strengthen our competitive advantages in the FFR field. Our revenue increased from RMB44.1 million for the six months ended June 30, 2021 to RMB51.9 million for the six months ended June 30, 2022, all of which were generated from the sales of our caFFR System, representing a year-on-year increase of approximately 17.7%.

We have a proven track record in commercializing our Core Product, caFFR System, with a comprehensive commercialization network in China. We actively engage with KOLs — such as Dr. Ge Junbo and Dr. Huo Yong — physicians and medical associations as a part of our academic promotion and marketing strategy. As of June 30, 2022, our efficient and highly experienced sales team have established an extensive distribution network comprising 125 domestic distributors who are authorized by us to cover over 1,000 hospitals across 21 provinces, four autonomous regions and four municipal cities in China. With our effective and extensive sales and marketing activities, as of June 30, 2022, our caFFR Systems had been sold to and installed in over 350 hospitals and had been performed at over 850 hospitals in China, and we had completed the procurement approval procedure with over 450 hospitals in China. We have also obtained the patient charging price of RMB12,000 for our proprietary consumable of caFFR System in 30 provinces and regions, among which 16 provinces and regions (such as Shanghai, Guangdong, Chongqing, Henan, etc.) included our proprietary consumable of caFFR System into the medical insurance reimbursement list.

Research and Development

Our R&D team develops innovative products focusing on the field of interventional precision diagnosis and treatment. We have a dedicated in-house R&D team of over 100 members primarily based in Suzhou, Jiangsu province, China. The R&D team accounts for around one third of our total employees and is led by Mr. Liu Guangzhi, our chief technology officer, who has over eight years of experience in medical device development and over 15 years of experience in software and algorithm development as well as profound management experience.

Our four R&D platforms include the medical imaging algorithm and application R&D platform, the fluid dynamics simulating calculation platform, the high-performance device R&D platform and the interventional consumables R&D platform. These platforms adhere to in-house development and innovation, capture market demand and actively explore various clinical applications for our products so as to timely upgrade our products and product candidates catering to the market demands. Our platform technologies complement each other and create a synergistic effect for our R&D efforts.

As of June 30, 2022, we had (i) 92 approved patents, including 89 approved in China, one approved in the U.S. and two approved in Japan; (ii) 135 pending patent applications, including 97 in China and 38 overseas; (iii) 36 active PCT patent applications; (iv) 269 registered trademarks; and (v) 11 registered software copyrights.

Manufacturing

Our commercialization efforts are well supported by our growing manufacturing capability. As of June 30, 2022, we had two manufacturing sites located in Suzhou, Jiangsu province, China, including one principal manufacturing site with an aggregate floor area of 1,019 sq.m. in operation and another construction in progress with an aggregate floor area of 5,143 sq.m. Our principal manufacturing facility is and the other one under construction will be in compliance with the GMP for medical devices in China. Once our two facilities are put under full operation, it is expected to be able to produce 11,375 units of consoles as well as 1,130,765 units of pressure transducers (disposable consumables) each year. The console and the single-use pressure transducer can be used for assembling our caFFR System and caIMR System.

Product and Pipeline

Category	Module	Products and Product Candidates(2)	Indication	Type	Preclinical	Clinical	Registration	Approval	Upcoming Milestone	Expected Commercial Launch
Vascular Interventional Diagnosis and Treatment Surgical Robot	Digital Functional Diagnostic Module	★ caFFR System (comprising the FlashAngio caFFR system and the FlashPressure caFFR pressure transducer)	Coronary Artery Disease	III	China		NMPA Approval		N/A	Launched
				III	China	Post Registration clinical trial for indication expansion(1)			Registration submission (2025)	2026
				IIa	Europe	CE Mark: exempted from clinical trial requirement			N/A	Launched
				II	Japan, South Korea				Initiation of clinical trials (2022Q4)	2024Q4
				II	United States				Initiation of clinical trials (2022Q4)	2026
		★ caIMR System (comprising the FlashAngio caIMR system and the FlashPressure caIMR pressure transducer)	Coronary Artery Disease	III	China				Regulatory approval (2022Q4)	2022Q4
				III	China	Post Registration clinical trial for indication expansion(3)			Initiation of clinical trials (2023Q1)	2025
				IIa	Europe(2)	CE Mark: exempted from clinical trial requirement			Acceptance process of registration submission	2023Q3
				II	Japan, South Korea				Initiation of clinical trials (2022Q4)	2024Q4
				II	United States				Initiation of clinical trials (2022Q4)	2026
	Automated Interventional Module	▲ Intelligent Angiographic Injection System	Vascular Disease	III		NMPA Approval: Exempted from clinical trial requirement			Registration submission (2022Q4)	2023Q4
		Flash Robot Vascular Intervention Navigation Operation System	Coronary Artery Disease	III					Initiation of clinical trials (2022Q4)	2024Q4
			Peripheral Vascular Disease	III					Initiation of clinical trials (2024Q3)	2027
			Neurovascular Disease	III					Initiation of clinical trials (2024Q3)	2027
		Flash RDN System	Hypertension	III					Initiation of clinical trials (2023Q2)	2025

★ Core Product

▲ This device is exempted from clinical trial requirements in accordance with the Catalogue of Medical Devices Exempted from Clinical Evaluation (《免於臨床評價醫療器械目錄》) promulgated by the NMPA.

Notes:

(1) Indication expansion of caFFR System includes acute STEMI, acute NSTEMI and HFpEF.

(2) We have global commercial rights for all of our products and product candidates.

(3) Indication expansion caIMR System includes STEMI immediately after successful revascularization of targeted vessels.

caFFR System

Our caFFR System is a less-invasive physiological assessment of coronary artery ischemia severity based on CAG images, and it is indicated for monitoring real-time aortic pressure in all stages of the cardiac cycle and assessing various physiological parameters for patients with stable angina pectoris, unstable angina pectoris and acute myocardial infarction (at least seven days after myocardial infarction). Our caFFR System is a Class III medical device under the classification criteria of the NMPA.

We commenced the confirmatory clinical trial for our caFFR System in March 2018 and completed such trial in May 2019. We obtained the CE Mark in the European Union in September 2019 and started to commercialize our caFFR System in overseas markets (such as the Czech Republic, France and Austria) in October 2019. In addition, we received the registration certificate of Class III medical device from the NMPA in December 2019 and began to commercialize our caFFR System in China in January 2020. Our R&D in relation to our caFFR System has been a continuing effort. We initiated a post-registration clinical trial in China in August 2020 to expand the indication of our caFFR System from its current scope to further cover patients experiencing acute STEMI, acute NSTEMI and HFpEF.

caIMR System

We are currently developing our caIMR System, which is the only less-invasive IMR measurement product having completed a confirmatory clinical trial globally and is expected to become the first less-invasive IMR system approved for commercialization globally. Our caIMR System is a Class III medical device under the classification criteria of the NMPA. As of June 30, 2022, we held four material patents and three material patent applications in relation to our caIMR System. In March 2022, we completed the confirmatory clinical trial of our caIMR System in China with 116 human subjects enrolled. Subsequently, we submitted the confirmatory clinical trial results of caIMR System to the NMPA for regulatory approval in April 2022. Currently, we expect to obtain NMPA approval for commercialization of our caIMR System in the fourth quarter of 2022.

Flash Robot Vascular Intervention Navigation Operation System

Flash Robot Vascular Intervention Navigation Operation System is our proprietary robot-assisted platform designed for navigation and operation. We plan to provide a "one-stop hybrid procedure" that can be carried out for diagnostic and therapeutic purposes at the same time in the future. Robotic-assisted operation enables precise measurement of anatomy and device positioning with the added benefit of radiation protection for the physicians. Consisting of a robotic arm and a control unit (including a console and a surgical image navigation system), our Flash Robot Vascular Intervention Navigation Operation System allows physicians to precisely guide a catheter through the patient's blood vessels and further perform the operation. As of June 30, 2022, the Flash Robot Vascular Intervention Navigation Operation System was at its design stage. In February 2022, our Flash Robot Vascular Intervention Navigation Operation System entered into the animal study stage and successfully passed the first animal trial sample.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules.

As the Shares were not listed on the Stock Exchange as at June 30, 2022, the CG Code was not applicable to the Company during the Reporting Period.

Since the Listing Date and up to the date of this interim report, the Company has complied with all the code provisions of the CG Code except for the following:

Code provision C.2.1 of Part II of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huo Yunfei currently serves as the chairman of the Board and the chief executive officer of the Group ("**CEO**"). He is responsible for the overall strategic planning and decision-making, execution, operation and management of the Company. Although this deviates from code provision C.2.1 of Part II of the CG Code, the Board believes that vesting the roles of both chairman of the Board and CEO in Mr. Huo Yunfei has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises two non-executive Directors, three independent non-executive Directors and four executive Directors. Accordingly, there is an independent element in the composition of the Board.

Model Code for Securities Transactions

As the Company was not listed on the Stock Exchange during the Reporting Period, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors were not applicable to the Company during the Reporting Period.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors upon the Listing. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the standards set out in the Model Code since the Listing Date and up to the date of this interim report.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: nil).

Audit Committee

The Board has established the Audit Committee, comprising three independent non-executive Directors, i.e., Mr. Liu Shuen Kong, Mr. Li Ho Man and Mr. Lau Tsz Ho Tony, with Mr. Liu Shuen Kong serving as the chairman. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management, has reviewed the unaudited condensed interim financial information of the Group for the six months ended June 30, 2022. The Audit Committee has reviewed the accounting standards adopted by the Group and has discussed matters on audit, internal control, risk management and financial reporting.

Independent Review of Auditor

The Company's external auditor, namely PricewaterhouseCoopers, has carried out an independent review of the interim financial information of the Group for the six months ended June 30, 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Changes in Information of the Directors

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

As the Shares were not listed on the Stock Exchange as of June 30, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Use of Proceeds from Listing

The net proceeds from the Global Offering (including the partial exercise of the Over-allotment Option), after deducting the underwriting fees and commissions and expenses in connection with the Global Offering of the Company, amounted to approximately HK$81.7 million. Since the Company had not been listed on the Stock Exchange as at June 30, 2022, the net proceeds from the Global Offering had not been utilized by the Company during the Reporting Period. During the period from the Listing Date up to the date of this interim report, 23.5% of the proceeds have been utilized. Such proceeds will be allocated and utilized in accordance with the purposes set out in the Prospectus. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures

As the Company had not been listed on the Stock Exchange as at June 30, 2022, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors and chief executive of the Company as at June 30, 2022. As at the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares/ Underlying Shares	Approximate Percentage of Shareholding in the Company[9] (%)	Long Position/ Short Position/ Interest in a Lending Pool
Mr. Huo Yunfei	Founder of a discretionary trust[1]	214,749,000	18.40	Long position
	Beneficial owner[2]	2,996,400	0.26	Long position
Mr. Lyu Yonghui	Interest in controlled corporations[3]	30,937,000	2.65	Long position
	Beneficial owner[4]	1,350,000	0.12	Long position
Mr. Zhang Liang	Interest in controlled corporations[5]	4,420,000	0.38	Long position
	Beneficial owner[6]	1,800,000	0.15	Long position
Ms. Gu Yang	Interest in controlled corporations[7]	5,364,000	0.46	Long position
	Beneficial owner[8]	1,050,000	0.09	Long position

Notes:

(1) Mr. Huo Yunfei is the settlor and beneficiary of the Opera Rose Trust (a discretionary trust established by Mr. Huo on August 12, 2021), for which The Core Trust Company Limited acts as the trustee, which holds the entire interest in Dawning Sky Limited, which in turn holds 99.9% interest in Opera Rose Limited. As such, Mr. Huo is deemed to be interested in the Shares held by Opera Rose Limited under the SFO.

(2) These Shares represent Mr. Huo Yunfei's entitlement to receive up to 2,996,400 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(3) Mr. Lyu Yonghui is the sole shareholder of Mingze. Limited. As such, he is deemed to be interested in the Shares held by Mingze. Limited.

(4) These Shares represent Mr. Lyu Yonghui's entitlement to receive up to 1,350,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(5) Mr. Zhang Liang is the sole shareholder of ANC HK LIMITED. As such, he is deemed to be interested in the Shares held by ANC HK LIMITED.

(6) These Shares represent Mr. Zhang Liang's entitlement to receive up to 1,800,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(7) Ms. Gu Yang is the sole shareholder of ASHG HK LIMITED. As such, she is deemed to be interested in the Shares held by ASHG HK LIMITED.

(8) These Shares represent Ms. Gu Yang's entitlement to receive up to 1,050,000 Shares pursuant to the exercise of options granted to her under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(9) The percentage of shareholding is calculated based on the total number of 1,167,348,000 Shares in issue as at the Listing Date.

Saved as disclosed above, as at the Listing Date, none of the Directors and chief executive of the Company had any interests and short positions of in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As the Company had not been listed on the Stock Exchange as at June 30, 2022, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the following persons (other than the Directors and chief executive of the Company) as at June 30, 2022. As at the Listing Date, so far as the Directors are aware, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[8] (%)	Long Position/ Short Position/ Interest in a Lending Pool
Opera Rose Limited[1]	Beneficial owner	214,749,000	18.40	Long Position
Dawning Sky Limited[1]	Nominee for another person	214,749,000	18.40	Long Position
Vermilion Bird Limited[2]	Beneficial owner	159,934,000	13.70	Long Position
Glowing Fame Limited[2]	Nominee for another person	159,934,000	13.70	Long Position
Dr. Huo Yunlong[2]	Founder of a discretionary trust	159,934,000	13.70	Long Position
TCT (BVI) Limited	Interest in controlled corporations[1]	214,749,000	18.40	Long Position
	Interest in controlled corporations[2]	159,934,000	13.70	Long Position
The Core Trust Company Limited	Trustee[1]	214,749,000	18.40	Long Position
("**Core Trust**")	Trustee[2]	159,934,000	13.70	Long Position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[8] (%)	Long Position/ Short Position/ Interest in a Lending Pool
Shanghai Tongxiang Haoqian Enterprise Management Partnership (Limited Partnership) (上海同襄灝乾企業管理合夥企業(有限合夥)) ("**Tongxiang Haoqian**")[3]	Beneficial owner	100,142,000	8.58	Long Position
Xinyu Tongchuang Investment Management Co., Ltd. (新余同創精選投資管理有限公司)[3]	Interest in controlled corporations	100,142,000	8.58	Long Position
Shenzhen Futian Tongchuang Weiye Dajiankang Industry Investment Fund Partnership (Limited Partnership) (深圳福田同創偉業大健康產業投資基金合夥企業(有限合夥))[3]	Interest in controlled corporations	100,142,000	8.58	Long Position
Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) ("**Cowin**")[3]	Interest in controlled corporations	129,606,000	11.10	Long Position
Shenzhen Cowin Venture Capital Investments Co., Ltd. (深圳市同創偉業創業投資有限公司)[3]	Interest in controlled corporations	129,606,000	11.10	Long Position
Ms. Huang Li (黃荔)[3]	Interest in controlled corporations	129,606,000	11.10	Long Position
Guangzhou Ping An Consumer Equity Investment Partnership (Limited Partnership) (廣州市平安消費股權投資合夥企業(有限合夥)) ("**Ping An Investment**")[4]	Beneficial owner	72,000,000	6.17	Long Position
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Group**")[4]	Interest in controlled corporations	120,000,000	10.28	Long Position
Ping An Capital Co., Ltd. (平安資本有限責任公司) ("**Ping An Capital**")[4]	Interest in controlled corporations	120,000,000	10.28	Long Position
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) ("**Ping An Yuanxin**")[4]	Interest in controlled corporations	120,000,000	10.28	Long Position
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) ("**Ping An Financial Technology**")[4]	Interest in controlled corporations	120,000,000	10.28	Long Position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[8] (%)	Long Position/ Short Position/ Interest in a Lending Pool
Mr. Zhou Bin[5]	Interest in controlled corporations	82,720,000	7.09	Long Position
Hebei Dongto Investment Co., Ltd. (河北東拓投資有限公司) ("**Hebei Dongto**")[6]	Beneficial owner	59,801,000	5.12	Long Position
Ms. Liu Jingxia (劉競霞)[6]	Interest in controlled corporations	59,801,000	5.12	Long Position
Mr. Liu Lirui (劉力睿)[6]	Interest in controlled corporations	59,801,000	5.12	Long Position
Shanghai Jingmairun Enterprise Management Center (L.P.) (上海景邁潤企業管理中心(有限合夥)) ("**Shanghai Jingmairun**")[7]	Beneficial owner	58,927,000	5.05	Long Position
Shenzhen Jinghui Equity Investment Management Partnership (Limited Partnership) (深圳景輝股權投資管理合夥企業(有限合夥)) ("**Shenzhen Jinghui Equity**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Gongqingcheng Greenwoods Jingjia Investment Management Partnership (limited Partnership) (共青城景林景嘉投資管理合夥企業(有限合夥)) ("**Greenwoods Jingjia**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Gongqingcheng Jingchengyu Investment Management Partnership (limited Partnership) (共青城景成域投資管理合夥企業(有限合夥)) ("**Jingchengyu Investment**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Tang Hua (唐華)[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Greenwoods Capital Management Co., Ltd. (景林資本管理有限公司) ("**Greenwoods Capital**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Tibet Jingning Enterprise Management Co., Ltd. (西藏景寧企業管理有限責任公司) ("**Tibet Jingning**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Tibet Jingjia Enterprise Management Co., Ltd. (西藏景嘉企業管理有限責任公司) ("**Tibet Jingjia**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[8] (%)	Long Position/ Short Position/ Interest in a Lending Pool
Shanghai Greenwoods Equity Investment Management Co., Ltd. (上海景林股權投資管理有限公司) ("**Shanghai Greenwoods Equity**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Shanghai Jingwu Investment Center (Limited Partnership) (上海景武投資中心（有限合夥）) ("**Shanghai Jingwu Investment**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Mr. Jiang Jinzhi (蔣錦志)[7]	Interest in controlled corporations	58,927,000	5.05	Long Position
Shenzhen Greenwoods Jingying Equity Investment Fund Partnership (Limited Partnership) (深圳景林景盈股權投資基金合夥企業（有限合夥）) ("**Shenzhen Greenwoods**")[7]	Interest in controlled corporations	58,927,000	5.05	Long Position

Notes:

(1) Opera Rose Limited is owned as to 99.9% by Dawning Sky Limited and 0.1% by Mr. Huo Yunfei (through Rainmed01 Limited), respectively. The sole shareholder of Dawning Sky Limited is TCT (BVI) Limited which in turn is wholly owned by Core Trust, being the trustee of the Opera Rose Trust, a discretionary trust established by Mr. Huo as the settlor and beneficiary on August 12, 2021. As such, each of Opera Rose Limited, Dawning Sky Limited, TCT (BVI) Limited, Core Trust and Mr. Huo is deemed to be interested in the Shares held by Opera Rose Limited under the SFO.

(2) Vermilion Bird Limited is owned as to 99.9% by Glowing Fame Limited and 0.1% by Dr. Huo Yunlong (through Hyljrkcyn888 Limited), respectively. The sole shareholder of Glowing Fame Limited is TCT (BVI) Limited which in turn is wholly owned by the Core Trust, being the trustee of the Vermilion Bird Trust, a discretionary trust established by Dr. Huo Yunlong as the settlor and beneficiary on August 12, 2021. As such, each of Vermilion Bird Limited, Glowing Fame Limited, TCT (BVI) Limited, Core Trust and Dr. Huo Yunlong is deemed to be interested in the Shares held by Vermilion Bird Limited under the SFO.

(3) Tongxiang Haoqian is a limited partner established in China. Xinyu Tongchuang Investment Management Co., Ltd. (新余同創精選投資管理有限公司) is the general partner of Tongxiang Haoqian and is wholly-owned by Cowin, a company listed on National Equities Exchange and Quotations (832793.NEEQ). Shenzhen Cowin Jinxiu Asset Management Co., Ltd. (深圳同創錦繡資產管理有限公司) is the general partner of Xinyu Tongchuang Guosheng Technology Innovation Industry Investment Partnership (limited Partnership) (新余市同創國盛科創產業投資合夥企業（有限合夥）) ("**Tongchuang Guosheng**") and is also wholly-owned by Cowin. As of the Listing Date, Cowin was held as to approximately 35.01% by Shenzhen Cowin Venture Capital Investments Co., Ltd. (深圳市同創偉業創業投資有限公司), which was in turn held as to approximately 55% by Ms. Huang Li (黃荔).

As such, Xinyu Tongchuang Investment Management Co., Ltd. (新余同創精選投資管理有限公司) is deemed to be interested in the Shares held by Tongxiang Haoqian under the SFO and each of Cowin, Shenzhen Cowin Venture Capital Investments Co., Ltd. (深圳市同創偉業創業投資有限公司) and Ms. Huang Li (黃荔) is deemed to be interested in the 100,142,000 Shares held by Tongxiang Haoqian and the 29,464,000 Shares held by Tongchuang Guosheng under the SFO.

Shenzhen Futian Tongchuang Weiye Dajiankang Industry Investment Fund Partnership (Limited Partnership) (深圳福田同創偉業大健康產業投資基金合夥企業(有限合夥)) is the limited partner of Tongxiang Haoqian with approximately 96.3% partnership interest. As such, it is deemed to be interested in the Shares held by Tongxiang Haoqian.

(4) Ping An Group (02318.HK and 601318.SH) indirectly holds 100% interest in (i) Ping An Properties Investment Co., Ltd. (深圳市平安置業投資有限公司) ("**Ping An Properties**"), which is the general partner of Ping An Investment; and (ii) Ping An Capital, which is the general partner of Shenzhen Haihui Quanli Investment Consulting Partnership (limited Partnership) (深圳市海匯全利投資諮詢合夥企業(有限合夥)) ("**Haihui Quanli**"). Ping An Capital is also the limited partner of Ping An Investment with 99.0% partnership interest. It is wholly owned by Ping An Yuanxin which in turn is a wholly-owned subsidiary of Ping An Financial Technology. Ping An Properties is also indirectly wholly owned by Ping An Financial Technology, a wholly owned subsidiary of Ping An Group. As such, each of Ping An Group, Ping An Financial Technology, Ping An Yuanxin and Ping An Capital is deemed to be interested in the 72,000,000 Shares held by Ping An Investment and the 48,000,000 Shares held by Haihui Quanli under the SFO.

(5) Mr. Zhou Bin is (i) the sole shareholder of Light Wisdom HK LIMITED ("**Light Wisdom HK**") and (ii) the executive partner of Beijing Light Silver Capital Partnership (General Partnership) (北京輕舟互動投資管理合夥企業(普通合夥)) ("**Light Silver**"), which in turn is the general partner of Shanghai Xingzhourun Enterprise Management Partnership (Limited Partnership) (上海興舟潤企業管理合夥企業(有限合夥)) ("**Shanghai Xingzhourun**") and Beijing Qingzhou Internet Investment Center (Limited Partnership) (北京輕舟互聯投資中心(有限合夥)) ("**Qingzhou Internet**"). As such, Mr. Zhou Bin is deemed to be interested in the 49,046,000 Shares held by Light Wisdom HK, the 5,624,000 held by Light Silver, the 8,631,000 Shares held by Shanghai Xingzhourun, and the 19,419,000 Shares held by Qingzhou Internet under the SFO.

(6) As of the Listing Date, Hebei Dongto was held as to 52% and 48% by Ms. Liu Jingxia (劉競霞) and Mr. Liu Lirui (劉力睿), respectively. As such, each of Ms. Liu Jingxia (劉競霞) and Mr. Liu Lirui (劉力睿) is deemed to be interested in the Shares held by Hebei Dongto.

(7) Shanghai Jingmairun is a limited partnership established in the PRC. The general partner of Shanghai Jingmairun is Shenzhen Jinghui Equity, whose general partner is Shanghai Greenwoods Equity, which in turn is owned as to 90% by Greenwoods Capital. As of the Listing Date, Greenwoods Capital was held as to 50% by Tibet Jingning and 40% by Shanghai Jingwu Investment, whose general partner is Tibet Jingning. As of the Listing Date, Tibet Jingning was held as to approximately 84.5% by Mr. Jiang Jinzhi (蔣錦志). As such, each of Shenzhen Jinghui Equity, Shanghai Greenwoods Equity, Greenwoods Capital, Tibet Jingning, Shanghai Jingwu Investment and Mr. Jiang Jinzhi (蔣錦志) is deemed to be interested in the Shares held by Shanghai Jingmairun.

Shenzhen Greenwoods is the limited partner of Shanghai Jingmairun with approximately 99.99% partnership interest. As such, Shenzhen Greenwoods is deemed to be interested in the Shares held by Shanghai Jingmairun. The general parntner of Shenzhen Greenwoods is Shenzhen Jinghui Equity.

Greenwoods Jingjia, being a limited partnership established in the PRC, is the limited partner of Shenzhen Jinghui Equity with 80% of partnership interest. The general partner of Greenwoods Jingjia is Tibet Jingjia, which in turn is wholly owned Greenwoods Capital. Jingchengyu Investment is a limited partner of Greenwoods Jingjia with approximately 38% partnership interest. Jingchengyu Investment is a limited partnership established in the PRC whose partnership interest was held as to 83.7% by Tang Hua. As such, each of Greenwoods Jingjia, Tibet Jingjia, Jingchengyu Investment and Tanghua is deemed to be interested in the Shares held by Shanghai Jingmairun.

(8) The percentage of shareholding is calculated based on the total number of 1,167,348,000 Shares in issue as at the Listing Date.

Saved as disclosed above, as at the Listing Date, so far as the Directors of the Company are aware, no person (other than the Directors and chief executive of the Company) had any interests and short positions of in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

Pre-IPO Share Option Scheme

On December 10, 2021, the Company adopted the Pre-IPO Share Option Scheme to attract, retain and motivate employees of the Group. On December 10, 2021, options to subscribe for an aggregate of 707,628 Shares (35,381,400 Shares as adjusted after the capitalization issue) (representing 3.03% of the existing issued share capital of the Company) had been granted by the Group, with an exercise price of HKD3.90 per share (as adjusted after the capitalization issue).

Under the Pre-IPO Share Option Scheme, the options are to be vested based on service condition. The service condition is designed to acquire service from employees for a specified period. The vesting period of the share options granted is three years after the Listing and the vesting schedule is 30% after twelve months after the Listing, 30% after 24 months after the Listing, and 40% after 36 months after the Listing, respectively.

During the Reporting Period, no share options were exercised, cancelled or lapsed. As of the date of the Listing of the Company, the outstanding share options under the Pre-IPO Share Option Scheme is 35,381,400. After the Listing of the Company, apart from the lapse of 860,000 share options, no share options were exercised or cancelled. After the Listing of the Company, no other options have been granted under the Pre-IPO Share Option Scheme.

Further details of the principal terms of the Pre-IPO Share Option Scheme are set out in the Prospectus. The number of share options granted, changes in share options and the terms of grant are set out in Note 18 to the interim condensed consolidated financial information in this interim report.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this interim report, at no time as at the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debentures of the Company or any other body corporate, or had exercised any such right.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

To the Board of Directors of Rainmed Medical Limited
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 25 to 62, which comprises the interim condensed consolidated balance sheet of Rainmed Medical Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The comparative information for the interim condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2021. The comparative information for the interim condensed consolidated income statement, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2021 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 August 2022

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	6	**51,899**	44,084
Cost of sales	7	**(7,071)**	(5,752)
Gross profit		**44,828**	38,332
Research and development expenses	7	**(27,951)**	(7,893)
Selling expenses	7	**(32,454)**	(45,859)
General and administrative expenses	7	**(47,154)**	(60,112)
Other income	8	**3,386**	333
Other gains/(losses) — net	9	**3,373**	(89)
Operating loss		**(55,972)**	(75,288)
Finance income		**1,304**	745
Finance costs		**(376)**	(454)
Finance income — net		**928**	291
Fair value loss of financial liabilities	20	**(1,166,305)**	(179,765)
Loss before income tax		**(1,221,349)**	(254,762)
Income tax credit	10	**11,127**	1,026
Loss for the period		**(1,210,222)**	(253,736)
Loss attributable to:			
Equity holders of the Company		**(1,210,222)**	(253,735)
Non-controlling interests		**—**	(1)
		(1,210,222)	(253,736)
Losses per share for the period and attributable to the equity holders of the Company			
— Basic and diluted losses per share (RMB)	11	**(1.88)**	(0.40)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Loss for the period		**(1,210,222)**	(253,736)
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
Exchange differences arising from translation of the Company		**(76,765)**	6
Items that may be reclassified to profit or loss			
Exchange differences arising from translation of subsidiaries of the Company		**435**	71
Other comprehensive (loss)/income for the period, net of tax		**(76,330)**	77
Total comprehensive loss for the period		**(1,286,552)**	(253,659)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,286,552)**	(253,658)
Non-controlling interests		**—**	(1)
		(1,286,552)	(253,659)

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**30,714**	28,870
Right-of-use assets	13	**10,249**	14,327
Intangible assets		**859**	244
Deferred income tax assets		**30,290**	19,163
Other receivables and bill receivables	14	**1,089**	1,089
Prepayments	15	**2,329**	854
		75,530	64,547
Current assets			
Inventories		**7,241**	9,908
Other receivables and bill receivables	14	**4,186**	379
Prepayments	15	**9,180**	6,218
Financial assets at fair value through profit or loss("FVTPL")	16	**3,355**	—
Cash and cash equivalents		**518,460**	559,140
		542,422	575,645
Total assets		**617,952**	640,192
DEFICIT			
Share capital	17	**1**	1
Convertible preferred shares	20	**13,000**	13,000
Accumulated losses		**(2,083,816)**	(873,594)
Other reserves		**17,168**	86,109
Total deficit		**(2,053,647)**	(774,484)

Interim Condensed Consolidated Balance Sheet (Continued)

	Note	**As at 30 June 2022 RMB'000 (Unaudited)**	As at 31 December 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Financial liabilities at FVTPL	20	**2,624,663**	1,361,749
Lease liabilities	21	**5,878**	8,860
		2,630,541	1,370,609
Current liabilities			
Trade and other payables	22	**31,549**	29,518
Contract liabilities	6	**3,093**	6,730
Lease liabilities	21	**6,416**	7,819
		41,058	44,067
Total liabilities		**2,671,599**	1,414,676
Total deficit and liabilities		**617,952**	640,192
Net current assets		**501,364**	531,578

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

Huo Yunfei
Chief Executive Officer

Zhang Liang
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company				
	Note	Share capital	Convertible preferred shares	Accumulated losses	Other reserves	Total
		RMB'000 (Note 17)	RMB'000 (Note 20)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		**1**	**13,000**	**(873,594)**	**86,109**	**(774,484)**
Loss for the period		—	—	(1,210,222)	—	(1,210,222)
Other comprehensive income		—	—	—	(76,330)	(76,330)
Total comprehensive loss		—	—	(1,210,222)	(76,330)	(1,286,552)
Transactions with equity holders and investors						
Share-based compensation expenses	18	—	—	—	7,389	7,389
Total transactions with equity holders and investors		—	—	—	7,389	7,389
Balance at 30 June 2022 (unaudited)		**1**	**13,000**	**(2,083,816)**	**17,168**	**(2,053,647)**

	Note	Share capital	Convertible preferred shares	Accumulated losses	Other reserves	Subtotal	Non-controlling interests	Total
		Attributable to equity holders of the Company						
		RMB'000 (Note 17)	RMB'000 (Note 20)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021		—	13,000	(239,949)	6,016	(220,933)	(8)	(220,941)
Loss for the period		—	—	(253,735)	—	(253,735)	(1)	(253,736)
Other comprehensive income		—	—	—	77	77	—	77
Total comprehensive loss		—	—	(253,735)	77	(253,658)	(1)	(253,659)
Transactions with equity holders and investors								
Contributions from shareholders	18	1	—	—	933	934	—	934
Share-based compensation expenses	18	—	—	—	66,445	66,445	—	66,445
Merger reserves arising from the Reorganisation		—	—	—	(3,080)	(3,080)	9	(3,071)
Total transactions with equity holders and investors		1	—	—	64,298	64,299	9	64,308
Balance at 30 June 2021 (unaudited)		1	13,000	(493,684)	70,391	(410,292)	—	(410,292)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	**(49,760)**	(19,855)
Interest received	**1,304**	745
Net cash used in operating activities	**(48,456)**	(19,110)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(8,104)**	(26,647)
Purchase of intangible assets	**(727)**	(82)
Purchase of financial assets at FVTPL	**(3,355)**	—
Proceeds from disposal of financial assets at FVTPL	**—**	3,044
Proceeds from disposal of property and equipment	**—**	13
Net cash used in investing activities	**(12,186)**	(23,672)
Cash flows from financing activities		
Proceeds from capital injection from shareholders of the Group	**—**	934
Proceeds from bank and other borrowings	**—**	1,650
Proceeds from issuance of equities with preferred rights	**—**	196,915
Payments for listing expenses	**(299)**	(44)
Repayments of bank and other borrowings	**—**	(12,650)
Interests paid	**—**	(144)
Cash out flow resulting from the Reorganisation	**—**	(5,650)
Payments for acquisition of Suzhou Rainmed	**—**	(801)
Payments of lease liabilities	**(3,623)**	(758)
Net cash (used in)/generated from financing activities	**(3,922)**	179,452
Net (decrease)/increase in cash and cash equivalents	**(64,564)**	136,670
Cash and cash equivalents at beginning of the period	**559,140**	27,588
Exchange differences on cash and cash equivalents	**23,884**	77
Cash and cash equivalents at end of the period	**518,460**	164,335

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

Rainmed Medical Limited (the "Company") was incorporated in the Cayman Islands on 9 April 2021 as a company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of its registered office is Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are primarily engaged in research and development ("R&D"), manufacturing and commercialization of medical instrument related to coronary angiography-derived fractional flow reserve ("caFFR") system and coronary angiography-derived index of microvascular resistance ("caIMR") system in the People's Republic of China (the "PRC"), Europe and other regions.

The Company's shares have been listed on the main board of the Stock Exchange of Hong Kong Limited since 8 July 2022 (the "Listing Date").

These unaudited interim condensed consolidated financial information are presented in Renminbi ("RMB"), unless otherwise stated, which has been approved for issue on 30 August 2022.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2022 (the "Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the years ended 31 December 2020 and 2021 which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA as set out in the Accountant's Report included in the prospectus of the Company dated 27 June 2022 (the "Accountant's Report").

The preparation of Interim Financial Information in conformity with HKFRSs 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 as set out in the Accountant's Report.

The Interim Financial Information of the Group has been prepared on a going concern basis. The Group is in the development stage and has been incurring losses from operations since incorporation. While the Group has net deficits and net operating cash outflows, the Group has sufficient working capital resulting from capital raising activities through issuance of preferred shares and net proceeds from the Listing.

2 Basis of preparation (Continued)

As at 30 June 2022, the Group had a total deficit of RMB2,053,647,000 and cash and cash equivalents of RMB518,460,000. On the other hand, the Group have financial instruments issued to investors with carrying amount of RMB2,624,663,000 under non-current liabilities, which would not be contractually redeemable within the next twelve-month period, subject to redemption and other clauses as set out in Note 20. Such financial instruments issued to investors were automatically and irrevocably converted into ordinary shares upon the listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited since 8 July 2022. The directors are of the opinion that the preferred shares are not expected to have cash flow impact on the Group and therefore the Group has sufficient cash for its daily operation for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Interim Financial Information on a going concern basis.

3 Accounting policies

The interim condensed consolidated financial information has been prepared under historical cost convention as modified by the revaluation of financial assets and financial liabilities at FVTPL, which are carried at fair value. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those presented in the consolidated financial statements of the Company for the years ended 31 December 2020 and 2021, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the Accountant's Report.

(a) New standards, amendments to existing standards and interpretations adopted by the Group

The following new standards, amendments to existing standards and interpretations are relevant and mandatory for the Group's financial reporting period beginning on 1 January 2022:

		Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 cycle	1 January 2022
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract'	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022

The adoption of the new standards, amendments to existing standards and improvements does not have any significant impact to the results and financial position of the Group.

3 Accounting policies (Continued)

(b) New standards, amendments to existing standards and interpretations not yet adopted

The following new standards, amendments to existing standards and interpretations relevant to the Group have been issued but are not effective for the financial reporting period beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKFRS 4	Extension of the temporary exemption from applying HKFRS 9	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment of the impact of the above new standards, amendments to existing standards and interpretations and considered that these new standards, amendments to existing standards and interpretations will not result in any substantial changes to the Group's existing accounting policies and presentation of the Interim Financial Information of the Group.

4 Critical accounting estimates and judgments

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements set out in the Accountant's Report.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements set out in the Accountant's Report.

There have been no changes in the risk management policies since 31 December 2021.

(a) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(a) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 30 June 2022 (unaudited)				
Trade and other payables (excluding other tax payables, staff salaries and welfare payables)	**9,889**	**—**	**—**	**9,889**
Lease liabilities (including interest payables)	**6,921**	**5,093**	**1,115**	**13,129**
	16,810	**5,093**	**1,115**	**23,018**
As at 31 December 2021 (audited)				
Trade and other payables (excluding other tax payables, staff salaries and welfare payables)	12,402	—	—	12,402
Lease liabilities (including interest payables)	8,503	5,987	3,304	17,794
	20,905	5,987	3,304	30,196

The Group recognises the financial liabilities issued to investors at fair value through profit or loss. Accordingly, the financial liabilities at FVTPL are managed on a fair value basis rather than by maturing dates (Note 20).

5.2 Fair value estimation

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

The Group applies HKFRS 13 for financial instruments that are measured in the interim condensed consolidated balance sheets at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

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.

Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments;

— Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and

— A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no transfers between levels 1, 2 and 3 during the six months ended 30 June 2022 and 2021. The Group has no financial instruments in level 1 and level 2.

The changes in level 3 instruments for the six months ended 30 June 2022 are presented in Note 16 and 20.

Financial instruments in level 3

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Assets		
— Financial assets at FVTPL (Note 16)	**3,355**	—
Liabilities		
— Financial liabilities at FVTPL (Note 20)	**2,624,663**	1,361,749

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

Financial instruments in level 3 (Continued)

During the six months ended 30 June 2022, the Group's financial assets at FVTPL represented wealth management products denominated in United States Dollars ("USD"). As these instruments were not traded in active market, their fair values were determined based on the expected rate of return on the Group's investment but not guarantee.

The Group issued certain preferred shares to investors, which were classified as financial liabilities and designed as financial liabilities at FVTPL (Note 20). They are initially recognised at fair value, and subsequently stated at fair value with changes in fair value.

6 Segment and revenue information

(a) Description of segments and principal activities

The Group is engaged in the R&D, manufacturing, and commercialization of medical instrument related to caFFR system and caIMR system. For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

(b) The amount of each category of revenue is as follows:

	Six months ended 30 June	
	2022 **RMB'000** **(Unaudited)**	2021 RMB'000 (Unaudited)
Timing of revenue recognition		
At a point in time:		
— Sales of products	**51,605**	43,660
Over time:		
— Installation and training services	**294**	424
	51,899	44,084

6 Segment and revenue information (Continued)

(c) The following table presents the analysis of contract liabilities related to the above-mentioned revenues.

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract liabilities:		
— Consideration for sales of goods	**1,384**	5,342
— Consideration for installation and training services	**1,709**	1,388
	3,093	6,730

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be delivered or provided.

(d) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period:		
— Sales of goods	**2,763**	14,565
— Installation and training services	**150**	23
	2,913	14,588

6 Segment and revenue information (Continued)

(e) Geographical information

Revenue from customers by geographic location as determined by destination of delivery is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Revenue	Revenue
	(Unaudited)	(Unaudited)
China	**51,485**	44,084
Others	**414**	—
	51,899	44,084

As at 30 June 2022 and 31 December 2021, all of the non-current assets of the Group were mainly located in the PRC.

(f) Information about major customers

The major customers which contributed more than 10% of the total revenue of the Group for the six months ended 30 June 2022 and 2021 are listed as below:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Customer A	**14.68%**	*
Customer B	**10.92%**	*
Customer C	**10.27%**	16.33%
Total	**35.87%**	16.33%

* This customer contributed less than 10% of total revenue for the corresponding period.

7 Expenses by nature

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses were analysed as follow:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	**62,727**	91,415
Professional services	**3,986**	3,751
Depreciation and amortisation charges	**8,532**	3,472
Raw material costs	**5,990**	7,014
Changes in inventories of finished goods and work in progress	**2,109**	(2,521)
Travelling expenses	**1,604**	1,907
Promotion and hospitality expenses	**9,782**	7,082
Short-term lease expenses	**121**	79
Clinical trials and testing expenses	**1,713**	613
Utilities	**290**	136
Auditor's remuneration	**55**	71
Listing expenses	**14,354**	3,899
Tax surcharges	**254**	287
Other expenses	**3,113**	2,411
	114,630	119,616

8 Other income

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants related to costs	**3,386**	333

Government grants relating to costs are recognised in the profit or loss in the period necessary to match them with the expenses that they are intended to compensate.

9 Other gains/(losses) — net

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gains/(losses)	**3,605**	(60)
Losses on disposals of property, plant and equipment	**(1)**	(41)
Fair value change in financial assets at FVTPL	**—**	37
Others	**(231)**	(25)
	3,373	(89)

10 Income tax credit

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Deferred income tax	**11,127**	1,026

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

(a) The Cayman Islands and the British Virgin Islands (the "BVI")

The Company is incorporated in the Cayman Islands as an exempted company and is not liable for taxation in the Cayman Islands. The Group's subsidiary incorporated in the BVI is also an exempted company and is not liable for taxation in the BVI.

(b) Hong Kong

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profit in Hong Kong during the six months ended 30 June 2022 and 2021.

10 Income tax credit (Continued)

(c) Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Rules of the EIT Law, the enterprise income tax is unified at 25% for all types of entities, effective from 1 January 2008.

Suzhou Rainmed Medical Technology Company Limited ("Suzhou Rainmed"), the Group's major operating subsidiary in the PRC, has obtained the certification of High and New-Tech enterprises dated 30 November 2021, which is effective for three years commencing on 1 January 2021. Suzhou Rainmed is entitled to a preferential income tax rate of 15% on the estimated assessable profits for the six months ended 30 June 2022.

No provision for Mainland China profits tax has been made as the Group's PRC entities have no estimated assessable profits during the period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The additional tax deducting amount of the qualified research and development expenses has been increased from 175% to 200% for manufacturing enterprises, effective from 2021, according to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in March 2021. The Group has considered the Super Deduction to be claimed for the Group entities in ascertaining their assessable profits during the period.

11 Loss per share

(a) Basic loss per share

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

In the calculation of weighted average number of ordinary shares outstanding for the six months ended 30 June 2022 and 2021, the shares issued to shareholders of the Company during the reorganisation (the "Reorganisation") who were the then shareholders of Suzhou Runxin Medical Instrument Co., Ltd. ("Suzhou Runxin") as at 1 January 2021 had been adjusted retrospectively as if those shares have been issued since 1 January 2021. Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding.

11 Loss per share (Continued)

(a) Basic loss per share (Continued)

	Six months ended 30 June	
	2022 **(Unaudited)**	2021 (Unaudited)
Loss attributable to equity holders of the Company (RMB'000)	**(1,210,222)**	(253,735)
Weighted average number of ordinary shares in issue (thousand) (i) &(ii) &(iii)	**644,500**	642,058
Basic loss per share (in RMB/share)	**(1.88)**	(0.40)

(i) 1,527,460 Series A convertible preferred shares ("Series A Preferred Shares") are treated as ordinary shares (Note 20) for the purpose of calculating loss per share as they are recognised in equity and have no preferred right as to dividends compared with ordinary shares.

(ii) 1,527,460 Series A Preferred Shares described above and 9,595,040 ordinary shares issued to the then shareholders of Suzhou Runxin during the Reorganisation had been adjusted retrospectively as if those shares have been issued since 1 January 2021.

(iii) The weighted average number of ordinary shares in issue presented above has taken into account the capitalisation issue (Note 25(a)) pursuant to the resolutions of the shareholders passed on 18 June 2022 as the capitalisation issue has become effective on 8 July 2022.

(b) Diluted loss per share

The Group has potential dilutive shares related to the Pre-initial public offerings ("IPO") share option scheme (Note 18) and convertible preferred shares, other than Series A Preferred Shares (Note 20), outstanding to assume conversion of all the underlying dilutive potential ordinary shares. For the six months ended 30 June 2022 and 2021 respectively, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 are the same as basic loss per share.

12 Property, plant and equipment

	Equipment and instruments RMB'000	Office equipment and furniture RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2021 (audited)						
Cost	2,553	3,892	130	25,265	4,784	36,624
Accumulated depreciation	(772)	(842)	(24)	(6,116)	—	(7,754)
Net book amount	1,781	3,050	106	19,149	4,784	28,870
Six months ended 30 June 2022 (unaudited)						
Opening net book amount	**1,781**	**3,050**	**106**	**19,149**	**4,784**	**28,870**
Additions	**591**	**2,620**	**–**	**–**	**4,087**	**7,298**
Disposals	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Transfers	**–**	**–**	**–**	**3,549**	**(3,549)**	**–**
Depreciation charge	**(408)**	**(436)**	**(13)**	**(4,596)**	**–**	**(5,453)**
Closing net book amount	**1,963**	**5,234**	**93**	**18,102**	**5,322**	**30,714**
At 30 June 2022 (unaudited)						
Cost	**3,134**	**6,512**	**130**	**28,814**	**5,322**	**43,912**
Accumulated depreciation	**(1,171)**	**(1,278)**	**(37)**	**(10,712)**	**–**	**(13,198)**
Net book amount	**1,963**	**5,234**	**93**	**18,102**	**5,322**	**30,714**

13 Right-of-use assets

Amounts recognised in the condensed consolidated balance sheet:

	Right-of-use assets RMB'000
At 31 December 2021 (audited)	
Cost	**19,501**
Accumulated depreciation	**(5,174)**
Net book amount	**14,327**
Six months ended 30 June 2022 (unaudited)	
Opening net book amount	**14,327**
Additions	**228**
Lease modification	**(1,339)**
Depreciation charge	**(2,967)**
Closing net book amount	**10,249**
At 30 June 2022 (unaudited)	
Cost	**18,367**
Accumulated depreciation	**(8,118)**
Net book amount	**10,249**

14 Other receivables and bill receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bill receivables	**3,878**	—
Deposits	**1,335**	1,412
Others	**76**	70
	5,289	1,482
Less: provision for impairment of other receivables and bill receivables	**(14)**	(14)
Other receivables and bill receivables — net	**5,275**	1,468
Less: non-current portion	**(1,089)**	(1,089)
	4,186	379

The carrying amounts of the Group's other receivables and bill receivables were denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The carrying amounts of the Group's other receivables and bill receivables approximate their fair values.

15 Prepayments

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments		
Prepayments for listing expenses	**651**	399
Prepayments for purchase of raw materials	**804**	947
Prepayments for purchase of equipment	**312**	674
Prepayments for purchase of services	**9,189**	4,655
Others	**553**	397
	11,509	7,072
Less: non-current portion	**(2,329)**	(854)
Current portion	**9,180**	6,218

16 Financial assets at FVTPL

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
At beginning of the period/year	—	3,007
Addition	**3,355**	—
Disposals	—	(3,044)
Change in fair value	—	37
At end of the period/year	**3,355**	—

17 Share capital

On 9 April 2021, the Company was incorporated in the Cayman Islands as a company with limited liability with authorised share capital comprised of 3,800,000,000 shares at par value of Hong Kong dollars ("HKD") 0.0001 per share.

	Number of ordinary shares	Nominal value HKD'000	RMB equivalent value RMB'000
As at 30 June 2022 and 31 December 2021	**11,362,880**	**1**	**1**

18 Share-based compensation

(a) Share award

On 6 January 2021, the shareholders of the Group agreed to award 10% equity interest of Suzhou Runxin to Suzhou Huiying Enterprise Management Partnership (Limited Partnership) ("Suzhou Huiying"), a limited partnership established by certain directors and employees of the Group (the "Share Award"), at a nominal consideration of approximately RMB933,000 for past contributions made to the Group by selected grantees. These equity interest were converted into 1,767,840 ordinary shares of the Company during the Reorganisation. As there were no future service conditions attached to the Share Award, these share-based awards were vested immediately.

The excess of the fair value of the above equity interest on the grant date over the cash consideration paid by the selected grantees is accounted for as share-based compensation expenses (included in the employee benefit expenses) in the Group's interim condensed consolidated statements of comprehensive income. Accordingly, share-based compensation expenses of approximately RMB66,445,000 were recognised during the six months ended 30 June 2021.

The valuation of the equity interests of the Group for the share-based awards was undertaken by an independent qualified professional valuer, which adopted discounted cash flow method in determining the Group's valuation and equity allocation model in determining the fair value of the ordinary shares.

The fair value of the shares granted and the significant input to the model at grant date are summarised as below:

Fair value of the shares granted (RMB)	67,378,000
Number of shares granted	1,767,840
Grant date	6 January 2021
Vesting date	6 January 2021
Discount rate	22.00%
Risk-free interest rate	2.98%
Volatility	45.36%
Expected dividend yield	0.00%

(b) Pre-IPO share option scheme

On 10 December 2021, the board of directors adopted a Pre-IPO share option scheme ("the Pre-IPO Share Option Scheme") to attract, retain and motivate employees of the Group. Under the Share Option Scheme, a number of 707,628 share options of ordinary shares of the Company, have been granted to the Group's employees, with an exercise price of HKD194.97 (equivalent to USD25.00) per share.

18 Share-based compensation (Continued)

(b) Pre-IPO share option scheme (Continued)

Under the Pre-IPO Share Option Scheme, the options are to be vested based on service condition. The service condition is designed to acquire service from employees for a specified period. The vesting period of the share options granted is three years after the Listing and the vesting schedule is 30% after twelve months after the Listing, 30% after 24 months after the Listing, and 40% after 36 months after the Listing, respectively.

The share-based compensation expenses for the Pre-IPO Share Option Scheme recognised during the six months ended 30 June 2022 was approximately RMB7,389,000.

The valuation of the share options of the Company for the Pre-IPO Share Option Scheme was undertaken by an independent qualified professional valuer, which adopted the Binomial option-pricing model in determining the Group's valuation and equity allocation model in determining the fair value of the share options.

The significant input to the model at grant date are summarised as below:

Number of shares under the option granted	707,628
Grant date	10 December 2021
Fair value of the ordinary shares on the date of option grant (USD)	18.39
Risk-free interest rate	1.48%
Volatility	44.38%
Expected dividend yield	0.00%

Movements of the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price	Number of shares under the option
As at 30 June 2022 and 1 January 2022	**HKD194.97**	**707,628**

19 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the six months ended 30 June 2022 and 2021.

20 Convertible preferred shares

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Convertible preferred shares (a) recognised as:		
Liabilities		
— Financial liabilities at FVTPL (b)	**2,624,663**	1,361,749
Equity		
— Equity instrument (c)	**13,000**	13,000

(a) Issuance of preferred shares

Series Angel-1 Preferred Shares

In 2016, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB9,000,000. These equity were converted into 1,218,620 Series Angel-1 convertible preferred shares ("Series Angel-1 Preferred Shares") of the Company during the Reorganisation.

Series Angel-2 Preferred Shares

In 2016, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB7,000,000. These equity were converted into 935,940 Series Angel-2 convertible preferred shares ("Series Angel-2 Preferred Shares") of the Company during the Reorganisation.

Series A Preferred Shares

In 2017, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB13,000,000. These equity were converted into 1,527,460 Series A Preferred Shares of the Company during the Reorganisation.

Series A+ Preferred Shares

In 2018, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB20,000,000. These equity were converted into 1,770,280 Series A+ convertible preferred shares ("Series A+ Preferred Shares") of the Company during the Reorganisation.

Series B Preferred Shares

In 2019, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of approximately RMB28,679,000. These equity were converted into 863,060 Series B convertible preferred shares ("Series B Preferred Shares") of the Company during the Reorganisation.

Series C-1 Preferred Shares

In February and March 2021, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB150,000,000. These equity were converted into 1,767,820 Series C-1 convertible preferred shares ("Series C-1 Preferred Shares") of the Company during the Reorganisation.

20 Convertible preferred shares (Continued)

(a) Issuance of preferred shares (Continued)

Series C-2 Preferred Shares

In March 2021, Suzhou Runxin issued certain equity with preferred rights at a cash consideration of RMB30,000,000. These equity were converted into 353,580 Series C-2 convertible preferred shares ("Series C-2 Preferred Shares") of the Company during the Reorganisation.

The Company issued 200,360 Series C-2 Preferred Shares to Huizhou Merchant Star Investment HK Limited for its investments in the Group during the Reorganisation.

The Series C-2 Preferred Shares are initially recognized at purchase price. As the purchase price is higher than the fair value, the difference between the purchase price and fair value amounting to RMB13,391,000 was deferred and will be released to the financial consolidated statements of comprehensive income when Series C-2 Preferred Shares are either redeemed or converted to ordinary shares.

Series D Preferred Shares

In October 2021, the Company issued 2,880,000 Series D convertible preferred shares ("Series D Preferred Shares") at a cash consideration of USD72,000,000 (equivalent to approximately RMB460,313,000).

Series Angel-1 Preferred Shares, Series Angel-2 Preferred Shares, Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series D Preferred Shares are collectively referred as "Preferred Shares".

Series Angel-1 Preferred Shares, Series Angel-2 Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series D Preferred Shares are collectively referred as "Refundable Preferred Shares".

Series Angel-1 Preferred Shares and Series Angel-2 Preferred Shares are collectively referred as "Series Angel Preferred Shares".

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL

The Refundable Preferred Shares have embedded derivatives for the conversion feature, the entire Refundable Preferred Shares are recognised as financial liabilities at FVTPL. They are initially recognised at fair value.

Although the Refundable Preferred Shares were automatically converted into ordinary shares immediately before the date of the submission for the IPO, it will be automatically converted back to preferred shares upon occurrence of certain future events mentioned in Note 20(b)(i). The Refundable Preferred Shares are recognised as financial liabilities at FVTPL until they are irrevocably converted into ordinary shares.

20 Convertible preferred shares (Continued)

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL (Continued)

The key terms

The key terms of Refundable Preferred Shares of the Company are summarized as follows:

(i) Conversion right of Refundable Preferred Shares

(1) Optional Conversion

Series C-2 Preferred Shares

Series C-2 Preferred Shares may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable ordinary shares based on the then-effective applicable conversion price. The conversion price equals the original issue price at all time and shall not be adjusted. The conversion ratio for Series C-2 Preferred Shares to ordinary shares shall be 1:1 at all times.

Series Angel Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C-1 Preferred Shares and Series D Preferred Shares (collectively, "Anti-diluted Preferred Shares")

Anti-diluted Preferred Shares may, at the option of the holder thereof, be converted at any time into fully-paid ordinary shares based on the then-effective applicable conversion price. The conversion price shall initially equal the original issue price of each of the series of Anti-diluted Preferred Shares, and each shall be adjusted from time to time as provided in below situation.

The initial conversion ratio for each series of Anti-diluted Preferred Shares to ordinary shares shall be 1:1. No adjustment in the applicable conversion price shall be made in respect of the issuance of additional ordinary shares unless the consideration for any additional ordinary share issued or deemed to be issued by the Company is less than the applicable conversion price in effect on the date of and immediately prior to such issue. In the event that the Company shall issue additional ordinary shares without consideration or for a consideration per share received by the Company (net of any selling concessions, discounts or commissions) that is less than the applicable conversion price in effect on the date of and immediately prior to such issue, then and in such event, the applicable conversion price shall be reduced, concurrently with such issue, to the consideration per share for which the new securities are issued.

(2) Automatic Conversion

Preferred Shares shall automatically be converted, based on the then-effective applicable conversion price, into ordinary shares immediately before the date of the submission for a qualified IPO, provided that such ordinary share shall automatically be converted into preferred share upon the earlier of: (i) the application for the qualified IPO is withdrew, invalid or vetoed by the applicable stock exchange or the competent regulatory body; (ii) the process of the qualified IPO is withdrew, terminated or elapsed for any reason; or (iii) the qualified IPO is not completed within twelve months after the submission of the application for the qualified IPO.

20 Convertible preferred shares (Continued)

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL (Continued)

The key terms (Continued)

(ii) Liquidation preferences of Refundable Preferred Shares

The liquidation preferences were granted to Series Angel-1 Preferred Shares, Series Angel-2 Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C-1 Preferred Shares and Series D Preferred Shares ("Refundable Preferred Shares with Liquidation Preferences").

In the event of any liquidation, dissolution or winding up of the Company, either voluntarily or involuntarily (each a "liquidation event") or deemed liquidation event (as defined below), the holders of Refundable Preferred Shares with Liquidation Preferences shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series C-2 Preferred Shares, Series A Preferred Shares and ordinary shares.

The liquidation order of Refundable Preferred Shares with Liquidation Preferences is as follows:

Refundable Preferred Shares with Liquidation Preference	Liquidation order
Series D Preferred Shares	first batch
Series C-1 Preferred Shares	second batch
Series B Preferred Shares	third batch
Series A+ Preferred Shares	forth batch
Series Angel Preferred Shares	fifth batch

The liquidation preference amount for each series of Refundable Preferred Shares with Liquidation Preferences is equal to the original issue price of each series of Refundable Preferred Shares with Liquidation Preferences, plus an annual simple rate of 8% of the original issue price of each series of Refundable Preferred Shares with Liquidation Preferences for a period of time commencing from the original issue date to the actual payment date of the settlement, plus all dividends declared and unpaid with respect to each series of Refundable Preferred Shares with Liquidation Preferences and minus all dividends already received for each series of Refundable Preferred Shares with Liquidation Preferences.

20 Convertible preferred shares (Continued)

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL (Continued)

The key terms (Continued)

(ii) Liquidation preferences of Refundable Preferred Shares (Continued)

Deemed liquidation events shall be treated as a liquidation event. A deemed liquidation event means (a) any merger or consolidation of the Company with or into any other corporation or corporations or other entity or entities or any other corporate reorganisation after which the holders of the Company's voting shares prior to such transaction own or control less than a majority of the outstanding voting shares of the surviving corporation or other entity on account of shares held by them prior to the transaction; or (b) a sale of a majority of the outstanding voting shares of the Company; (c) sale, lease, transfer or disposition by the Company and/or any of the subsidiaries of the Company ("Group Company") of all or substantially all of the assets of any Group Company; (d) the exclusive licensing of all or substantially all of the Group Companies intellectual property to a third party.

(iii) Redemption rights of Refundable Preferred Shares

Redemption rights were granted to Series Angel-1 Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series D Preferred Shares ("Refundable Preferred Shares with Redemption Right").

The holders of Refundable Preferred Shares with Redemption Right have the right to require the Company to redeem their preferred shares when the following events happen:

(a) The Company failed to complete qualified IPO on or prior to 31 December 2024.

(b) There is any matter that has a material adverse effect on the qualified IPO.

(c) Any holders of Refundable Preferred Shares with Redemption Right requests the Company to redeem its shares in accordance with the memorandum and article of association of the Company and the Company agrees such request.

(d) the date on which there occurs a material breach by any Group Company, or Mr. Huo Yunfei and Dr. Huo Yunlong of any of their respective representations, warranties, covenants or undertakings and such breach is not rectified within thirty days after receipt of the request for remedy from holders of Refundable Preferred Shares with Redemption Right and makes material adverse effect on Group Company.

The redemption amount of Refundable Preferred Shares with Redemption Right is the original issue price of each Refundable Preferred Shares with Redemption Right, plus an annual simple rate of 8% of the original issue price of each Refundable Preferred Shares with Redemption Right for a period of time commencing from the original issue date to the actual payment date of the settlement, plus all dividends declared and unpaid with respect to each Refundable Preferred Shares with Redemption Right and minus all dividends already received for each Refundable Preferred Shares with Redemption Right.

20 Convertible preferred shares (Continued)

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL (Continued)

The key terms (Continued)

(iv) Voting rights

Each Refundable Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Refundable Preferred Shares could be converted.

(v) Termination of preferred rights

In the scenario of an IPO of the shares of the Company on a stock exchange, the special rights of the holders of the Refundable Preferred Shares shall terminate upon listing pursuant to the relevant requirement of the exchange.

Movements of Refundable Preferred Shares

The movements of Refundable Preferred Shares are set out below:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	**1,361,749**	227,206
Issuance	**—**	196,915
Fair value loss	**1,166,305**	179,765
Currency translation differences	**96,609**	—
At end of the period	**2,624,663**	603,886

The Group has engaged an independent valuer to determine the fair value of Refundable Preferred Shares. The discounted cash flow method and back-solve method were used to determine the underlying share value and the equity allocation model was adopted to determine the fair value of Refundable Preferred Shares as at each date of issuance and at the end of each reporting period.

Key valuation assumptions of back-solve method and equity allocation model used to determine the fair value of Refundable Preferred Shares as at 30 June 2022 are as follows:

	As at 30 June
	2022
	RMB'000
	(Unaudited)
Risk-free interest rate	**1.28–2.96%**
Volatility	**26.44–46.24%**
Discount for lack of marketability ("**DLOM**")	**2.00%**
IPO possibility	**95.00%**

20 Convertible preferred shares (Continued)

(b) Refundable Preferred Shares accounted for as financial liabilities at FVTPL (Continued)

The key terms (Continued)

(v) Termination of preferred rights (Continued)

Key valuation assumptions of discounted cash flow method and equity allocation model used to determine the fair value of Refundable Preferred Shares as at 31 December 2021 are as follows:

	As at 31 December 2021 RMB'000 (Audited)
Discount rate	18.00%
Risk-free interest rate	0.19%~0.97%
Volatility	34.69%~43.68%
DLOM	10.00%
IPO possibility	60.00%

Sensitivity test

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of Refundable Preferred Shares issued by the Company. The changes in unobservable inputs including DLOM and IPO possibility will result in a significantly higher or lower fair value measurement. The increase in the fair value of Refundable Preferred Shares would increase the fair value loss in the interim condensed consolidated statements of comprehensive income. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs, and effect of those changes to the fair value of Refundable Preferred Shares is as below:

If the DLOM had increased/decreased 1%, the loss before income tax for the six months ended 30 June 2022 would have been approximately RMB26,338,000 lower/RMB29,265,000 higher.

If the IPO possibility had increased/decreased 5%, the loss before income tax for the six months ended 30 June 2022 would have been approximately RMB13,791,000 lower/RMB13,791,000 higher.

20 Convertible preferred shares (Continued)

(c) Series A Preferred Shares recognised as an equity instrument

Series A Preferred Shares are also eligible to rights of conversion with reference to Series C-2 Preferred Shares and voting rights mentioned in Note 20(b)(i) and Note 20(b)(iv), respectively, but do not have rights as anti-dilution, liquidation preferences or redemption right and therefore were accounted for as an equity instrument.

In the scenario of an IPO of the shares of the Company on a stock exchange, the special rights of the holders of Series A Preferred Shares shall terminate upon listing pursuant to the relevant requirement of the exchange.

21 Lease liabilities

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Lease liabilities		
— Current	**6,416**	7,819
— Non-current	**5,878**	8,860
Total lease liabilities	**12,294**	16,679

As at 30 June 2022 and 31 December 2021, the Group's lease liabilities were repayable as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	**6,416**	7,819
Between 1 and 2 years	**4,898**	5,630
Between 2 and 5 years	**980**	3,230
	12,294	16,679

22 Trade and other payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	**1,010**	963
Staff salaries and welfare payables	**14,646**	13,586
Other tax payables	**7,014**	3,530
Accrued listing expenses	**6,121**	8,513
Payables for equipment and intangible assets	**490**	163
Payables for service suppliers	**390**	865
Amounts due to related parties (Note 24(b))	**—**	10
Other accrued expenses	**1,878**	1,888
	31,549	29,518

The aging analysis of trade payables based on invoice date are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	**1,010**	963

23 Commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	**7,437**	2,176

24 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. Members of key management and their close family member of the Group are also considered as related parties.

(a) Name and relationship with related parties

The following individual is a related party of the Group that had significant balances as at 30 June 2022 and 31 December 2021:

Name of related parties	**Nature of relationship**
Ms. Gu Yang	Shareholder and director of the Company

(b) Balances with related parties

(i) Amounts due to related parties

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-trade		
Ms.Gu Yang	—	10

The amounts due to related parties were unsecured, non-trade in nature, interest-free, repayable on demand and denominated in RMB.

24 Related party transactions (Continued)

(c) Key management compensation

Key management includes chairman, executive directors and senior management of the Group.

The compensation paid or payable to the key management during the six months ended 30 June 2022 and 2021 was shown as below.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	**5,452**	2,600
Contributions to pension plans	**166**	99
Housing fund, medical insurance and other social insurance	**191**	126
Share-based compensation expenses	**2,703**	61,129
	8,512	63,954

25 Subsequent events

Save as disclosed elsewhere in the report, the Group has the following subsequent event after the balance sheet date.

(a) Capitalisation issue

By shareholders' resolution dated 18 June 2022 and conditional upon the share premium amount of the Company being credited as a result of the proposed offering of the Company's shares, the Company issued additional 1,121,120,000 shares, credited as fully paid, to the existing shareholders of the Company on 8 July 2022.

(b) Global offering

On 8 July 2022, the Company successfully completed its initial public offering of 23,348,000 shares at HKD6.24 per share, and its shares were listed on the Main Board of the Stock Exchange. On 30 July 2022, the international underwriters of the global offering partially exercised the overallotment option, pursuant to which the Company allotted and issued 451,000 ordinary shares of the Company at the offer price of HKD6.24 per share. Total gross proceeds from the global offering amounted to HKD148.5 million after the completion of the partially exercise of the overallotment option.

25 Subsequent events (Continued)

(c) Preferred Shares

An aggregate of issued 9,989,660 Refundable Preferred Shares were converted to 9,989,660 ordinary shares immediately prior to the completion of the Listing. The financial liabilities at FVTPL related to Refundable Preferred Shares were derecognised and credited to equity on the Listing date. The difference between the carrying amount of the financial liabilities at FVTPL as of 30 June 2022 and their fair value as of the Listing date shall be recorded in the profit or loss during the second half of 2022.

An aggregate of issued 1,527,460 Series A Preferred Shares were converted to 1,527,460 ordinary shares immediately prior to the completion of the Listing.

The special rights of the holders of Preferred Shares shall terminate upon the Listing.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"BVI"	the British Virgin Islands
"CAD"	coronary artery diseases, a condition where the major blood vessels supplying the heart are narrowed to reduce blood flow that can cause chest pain and shortness of breath
"caFFR"	coronary angiography-derived fractional flow reserve, a novel less-invasive index to determine the FFR in patients with stable or unstable angina
"CAG"	coronary angiography, a percutaneous procedure that uses contrast dye and X-ray images to detect coronary artery diseases
"caIMR"	coronary angiography-derived index of microvascular resistance, which is proposed for physiological assessment of microvascular diseases in coronary circulation
"CE Mark"	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 report and for geographical reference only, Hong Kong, Macau and Taiwan
"Company" or "our Company"	Rainmed Medical Limited (潤邁德醫療有限公司), an exempted company with limited liability incorporated in the Cayman Islands on April 9, 2021
"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
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this report, refers to each of caFFR System and caIMR System

"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis
"Director(s)"	the director(s) of the Company
"FFR"	fractional flow reserve, a technique used in coronary catheterization to measure pressure differences across a coronary artery stenosis at maximal hyperemia to determine the likelihood that the stenosis impedes oxygen delivery to the heart muscle and diagnose myocardial ischemia
"Global Offering"	has the meaning as ascribed to it under the Prospectus
"GMP"	good manufacturing practice, the quality assurance that ensures that medical 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", "we", "us" or "our"	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HFpEF"	heart failure with preserved ejection fraction, a condition which occurs when the lower left chamber (left ventricle) is not able to fill properly with blood during the diastolic (filling) phase and the amount of blood pumped out to the body is less than normal
"HKFRS"	Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Accounting Standards Board
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IMR"	index of microcirculatory resistance, the quantitative assessment of the minimum microcirculatory resistance in a target coronary arteriolar territory
"KOL(s)"	key opinion leader(s), renowned physicians who are able to influence their peers' medical practice
"Listing Date"	the date, Friday, July 8, 2022, 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)
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"NSTEMI"	non-ST segment elevation myocardial infarction, a heart attack that occurs without ST segment elevation on the electrocardiogram
"Over-allotment Option"	has the meaning as ascribed to it under the Prospectus
"PCI"	percutaneous coronary intervention, a percutaneous procedure to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue that does not involve open-chest surgery
"PCT"	the Patent Cooperation Treaty
"Preferred Shares"	has the meaning as ascribed to it under the Prospectus
"Pre-IPO Share Option Scheme"	the share option scheme adopted by our Company on December 10, 2021
"Prospectus"	the prospectus of the Company dated June 27, 2022, in relation to the Global Offering
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 2022
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"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 a par value of HK$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies
"sq.m."	square meter, a unit of area
"STEMI"	ST segment elevation myocardial infarction, which occurs due to occlusion of one or more coronary arteries, causing transmural myocardial ischemia
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Rainmed"	Suzhou Rainmed Medical Technology Co., Ltd. (蘇州潤邁德醫療科技有限公司), a limited liability company incorporated under the laws of PRC on December 5, 2016, being a wholly-owned subsidiary of our Company
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"%"	per cent

RainMed