

# Rain Med

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 : 2 2 9 7



# 2023

/ INTERIM REPORT 中期報告





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# 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. Chen Xuefeng (陳雪峰)

*(appointed on August 15, 2023)*

Mr. Lau Tsz Ho Tony (劉梓浩)

*(resigned on August 15, 2023)*

## Audit Committee

Mr. Liu Shuen Kong *(Chairperson)*

Mr. Li Ho Man

Mr. Chen Xuefeng

*(appointed on August 15, 2023)*

Mr. Lau Tsz Ho Tony *(resigned on August 15, 2023)*

## 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:*

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**

Room 2723, 27/F, AXA Southside  
38 Wong Chuk Hang Road  
Wong Chuk Hang, 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

China CITIC Bank Corporation  
(Suzhou Branch)

Bank of China (Hong Kong) Limited

### **Company Website**

[www.rainmed.com](http://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, 2023 and 2022. 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:

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Sales of products		
— Sales of FlashAngio caFFR system	<b>3,905</b>	7,433
— Sales of FlashPressure caFFR pressure transducer	<b>40,590</b>	44,172
— Sales of FlashAngio caIMR system	<b>2,873</b>	—
— Sales of IVD products	<b>2,567</b>	—
Installation and training services	<b>439</b>	294
<b>Total</b>	<b>50,374</b>	51,899

Our revenue decreased by approximately 2.9% from RMB51.9 million for the six months ended June 30, 2022 to RMB50.4 million for the six months ended June 30, 2023, primarily due to the decreased sales of our FlashPressure caFFR pressure transducer and caFFR system.

## Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 16.7% from RMB44.8 million for the six months ended June 30, 2022 to RMB37.3 million for the six months ended June 30, 2023, primarily due to the decreased sales of our caFFR System. Our gross profit margin decreased from 86.4% for the six months ended June 30, 2022 to 74.0% for the same period in 2023, primarily due to the depreciation and amortization charges of newly used principal manufacturing site.



## 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, and (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:

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Employee benefit expenses	<b>12,458</b>	15,984
Raw material costs	<b>1,668</b>	4,809
Professional service expenses	<b>1,329</b>	2,428
Clinical trial and testing expenses	<b>3,702</b>	1,713
Share-based payment expenses	<b>516</b>	1,300
Depreciation and amortization charges	<b>1,594</b>	1,087
Other expenses	<b>1,350</b>	630
<b>Total</b>	<b>22,617</b>	27,951

Our R&D expenses decreased from RMB28.0 million for the six months ended June 30, 2022 to RMB22.6 million for the six months ended June 30, 2023, representing approximately 19.1% year-on-year decrease over the same period in 2022. Such decrease was primarily due to (i) a decrease of RMB3.5 million in employee benefit expenses mainly as a result of capitalization of the expenditures incurred for our Core Products; (ii) a decrease of RMB3.1 million in investment in raw material costs as a result of capitalization of the expenditures; and (iii) a decrease of RMB0.8 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.

## Financial Highlights (Continued)

### 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 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:

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Employee benefit expenses	<b>22,556</b>	17,622
Marketing development expenses	<b>12,820</b>	10,606
Share-based payment expenses	<b>1,318</b>	1,957
Depreciation and amortization charges	<b>1,412</b>	1,626
Other expenses	<b>297</b>	643
<b>Total</b>	<b>38,403</b>	32,454

Our selling expenses increased from RMB32.5 million for the six months ended June 30, 2022 to RMB38.4 million for the six months ended June 30, 2023, representing approximately 18.3% year-on-year increase over the same period in 2022. Such increase was primarily due to (i) an increase of RMB4.9 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; (ii) an increase of RMB2.2 million in marketing development expenses as a result of expanding 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 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,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expenses	21,543	18,183
Listing expenses	—	14,354
Depreciation and amortization charges	4,306	5,111
Share-based payment expenses	3,423	3,853
Professional service expenses	1,290	1,464
Other expenses <sup>Note</sup>	6,759	4,189
<b>Total</b>	<b>37,321</b>	<b>47,154</b>

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

Our general and administrative expenses decreased significantly from RMB47.2 million for the six months ended June 30, 2022 to RMB37.3 million for the six months ended June 30, 2023, representing approximately 20.9% year-on-year decrease over the same period in 2022. Such decrease was primarily due to a decrease of RMB14.4 million in listing expenses. The decrease was partially offset by an increase of RMB3.4 million in employee benefit expenses mainly in relation to an increase in salaries and our administrative employee headcount.

## Other Income

Our other income decreased from RMB3.4 million for the six months ended June 30, 2022 to RMB1.5 million for the six months ended June 30, 2023, primarily due to a decrease 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 decreased from RMB11.1 million for the six months ended June 30, 2022 to RMB0.5 million for the six months ended June 30, 2023, primarily due to the recognition of deferred income tax assets mainly resulted from the decreased recognized deductible loss before income tax in 2023.



## Financial Highlights (Continued)

### 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. 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. As a result, our fair value loss of financial liabilities decreased significantly from RMB1,166.3 million for the six months ended June 30, 2022 to nil for the six months ended June 30, 2023.

### Loss for the Period

For the reasons described above, we recorded a loss of RMB48.0 million for the six months ended June 30, 2023, compared with a loss of RMB1,210.2 million for the six months ended June 30, 2022.

### 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, 2023, our net cash used in operating activities was RMB60.2 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, the Directors of our Company 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, 2023, our net cash generated from investing activities was RMB84.4 million, primarily attributable to proceeds from disposal of short-term bank deposits of RMB339.9 million, which was partially offset by purchases of short-term bank deposits, purchase of property, plant and equipment and purchases of intangible assets of RMB187.9 million, RMB50.1 million and RMB11.6 million, respectively.

For the six months ended June 30, 2023, our net cash generated from financing activities was RMB3.4 million, primarily attributable to proceeds from bank borrowings of RMB30.6 million, which was partially offset by repayments of bank borrowings and lease payment of RMB18.3 million and RMB8.5 million, respectively.

As at June 30, 2023, our cash and cash equivalents amounted to RMB122.9 million, representing an increase of RMB31.8 million from RMB91.1 million as at December 31, 2022. Our net current assets decreased from RMB535.3 million as at December 31, 2022 to RMB444.6 million as at June 30, 2023, primarily attributable to the decrease in bank deposits with the maturity over three months.

As at June 30, 2023, 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’s interest-bearing borrowing was less than cash and cash equivalent.

### Indebtedness

As at June 30, 2023, our outstanding balance of borrowings was RMB30.6 million. We had unutilized bank facilities of RMB185.0 million.

Our lease liabilities decreased from RMB11.0 million as at December 31, 2022 to RMB7.9 million as at June 30, 2023, primarily attributable to lease payments.

### Capital Commitments

As at June 30, 2023, we had capital commitments contracted but not provided for of RMB361.9 million in relation to the purchase of construction and service for the Group's industrial park.

### Charge on Assets

As at June 30, 2023, the Group had no pledge of assets (for the six months ended June 30, 2022: nil).

### Contingent Liabilities

As at June 30, 2023, we did not have any material contingent liabilities (for the six months ended June 30, 2022: nil).

### Significant Investments, Material Acquisitions and Disposals

#### The Acquisition of Equity Interest and the Subscription of Increased Registered Capital of Tianjin Yuehekang Biotechnology Co., Ltd.\* (天津悦和康生物技术有限公司)

On March 1, 2023 (after trading hours), Suzhou Rainmed entered into an investment agreement (the "**Investment Agreement**") with Tianjin Yuehekang Biotechnology Co., Ltd. (天津悦和康生物技术有限公司) (the "**Target Company**"), Qingdao Yaoshuntong Trading Co., Ltd. (青島耀順通商貿有限公司) ("**Qingdao Yaoshuntong**") and Mr. He Zhibo, pursuant to which (i) Suzhou Rainmed has conditionally agreed to acquire, and Qingdao Yaoshuntong has conditionally agreed to sell, the equity interest, which represented 57% of the registered capital of the Target Company as at March 1, 2023 and immediately before the subscription of subscription interests as contemplated under the Investment Agreement, at the consideration in the amount of RMB15,960,000; and (ii) Suzhou Rainmed has conditionally agreed to subscribe for the increased registered capital, which represented 11.32% of the total registered capital of the Target Company on a fully-diluted basis as enlarged by the transfer of interests and subscription of subscription interests as contemplated under the Investment Agreement (collectively, the "**Investment**"), at the consideration in the amount of RMB10,000,000 (comprising newly increased registered capital of approximately RMB8,214,300 and capital reserve of approximately RMB1,785,700). The Target Company is a diversified high-tech enterprise engaging in the research and development, production and marketing of in vitro diagnostic products, the principal business of which is in the field of biochemical in vitro diagnostic reagents.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Investment is more than 5% but less than 25%, the Investment constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. Please refer to the Company's announcements dated March 1, 2023 and March 20, 2023 for details.

#### The Entering Into of the Construction Agreement

In March 2023, the Group acquired a piece of land located in Wuzhong District, Suzhou, Jiangsu Province, the PRC, with a total site area of approximately 20,000 sq.m. for the purpose of developing an industrial park of the Group, at a consideration of RMB5,040,050, net of tax.



## Financial Highlights (Continued)

On March 24, 2023, Suzhou Rainmed Robot Co., Ltd.\* (蘇州潤邁德機器人有限公司), an indirect wholly-owned subsidiary of the Company, entered into a construction agreement (the “**Construction Agreement**”) with Wujiang Construction Engineering (Group) Co., Ltd.\* (吳江市建設工程(集團)有限公司) (the “**Contractor**”), pursuant to which the Contractor will undertake the construction and engineering works of manufacturing facilities, office buildings and supporting facilities on a piece of land located in Wuzhong District, Suzhou, Jiangsu Province, the PRC with a construction area of approximately 75,600 sq.m. at a consideration of RMB430,000,000. The Construction Works are expected to be completed within 730 days after the commencement date, which will be specified in the commencement report or commencement notice, and is currently under construction.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Agreement exceeds 25% but is less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders had a material interest in the transaction contemplated under the Construction Agreement. As such, no Shareholder was required to abstain from voting if an extraordinary general meeting were to be convened for the approval of the Construction Agreement and the transaction contemplated thereunder.

The Company has obtained a written approval in respect of the Construction Agreement and the transaction contemplated thereunder from a closely allied group of Shareholders which collectively held 665,023,530 Shares, representing approximately 56.95% of the entire issued share capital of the Company as at March 27, 2023. As such, no extraordinary general meeting will be convened for the approval of the Construction Agreement as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Construction Agreement and the transaction contemplated thereunder was dispatched to the Shareholders for information purpose on April 20, 2023.

Please refer to the Company’s announcement dated March 27, 2023 and the Company’s circular dated April 20, 2023 for further details.

## 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, 2023, the Group employed 451 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 RMB73.8 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 labour 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

Mr. Lau Tsz Ho Tony ("**Mr. Lau**") has resigned as an independent non-executive Director with effect from August 15, 2023 due to the need to devote more time for his other commitments. Upon Mr. Lau's resignation as an independent non-executive Director, he has ceased to be a member of the Audit Committee with effect from the same date. Mr. Chen Xuefeng ("**Mr. Chen**") has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from August 15, 2023. Please refer to the Company's announcement dated August 15, 2023 for further details.

Save as disclosed above, there is no material subsequent event undertaken by the Group from June 30, 2023 to the date of this report.



# 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 macrocirculation 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. In addition, our two systems were included into the Chinese Expert Consensus on Computation of Coronary Physiological Assessment Technology (《中國計算冠狀動脈生理學檢測技術專家共識》) in December 2022. The Expert Consensus fills the gap of the lack of guidance and norm in the clinical application of physiological indicators calculation in the intervention of coronary heart disease in China, and provides a basis for its standardized application and expansion of the scope of application. These two systems are also 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, our caIMR System has obtained NMPA approval in April 2023, which is the only less-invasive IMR measurement product having completed a confirmatory clinical trial globally and becomes 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 2026.

## Commercialization

During the first half of 2023 with a volatile market environment, we kept on expanding the market channels of our commercialized product caFFR System and caIMR System in the industry, and have achieved steady results, which strengthen our competitive advantages in the FFR field and IMR field. Our revenue decreased from RMB51.9 million for the six months ended June 30, 2022 to RMB50.4 million for the six months ended June 30, 2023, substantially all of which were generated from the sales of our caFFR System and caIMR System, representing a year-on-year decrease of approximately 2.9%.



## Management Discussion and Analysis (Continued)

We have a proven track record in commercializing our Core Products, caFFR System and calMR System, with a comprehensive commercialization network in China, and we actively promote the commercialization network in the international market. 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, 2023, our efficient and highly experienced sales team have established an extensive distribution network comprising 128 domestic distributors who are authorized by us to cover over 1,000 hospitals across 22 provinces, three autonomous regions and three municipal cities in China, and enter 15 countries and regions in the overseas market. With our effective and extensive sales and marketing activities, as of June 30, 2023, our Core Products had been sold to and installed in over 550 hospitals and had been performed at over 1,300 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 RMB10,200 to RMB12,000 for our proprietary consumable of caFFR System in 33 provinces and regions, among which 25 provinces and regions (such as Shanghai, Guangdong, Chongqing, Henan, etc.) included our proprietary consumable of caFFR System into the medical insurance reimbursement list. Currently, we are fully promoting the implementation of including our proprietary consumable of calMR 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 16 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, 2023, we had (i) 128 approved patents, including 120 approved in China, one approved in the U.S. and seven approved in Japan; (ii) 159 pending patent applications, including 114 in China and 45 overseas; (iii) 13 active PCT patent applications; (iv) 272 registered trademarks; and (v) 15 registered software copyrights.

### *Manufacturing*

Our commercialization efforts are well supported by our growing manufacturing capability. As of June 30, 2023, we had two manufacturing sites located in Suzhou, Jiangsu province, China, including one principal manufacturing site with an aggregate floor area of 5,143 sq.m. in operation and another auxiliary manufacturing site with an aggregate floor area of 1,019 sq.m. Both our principal manufacturing facilities are 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 calMR System. In addition, we acquired approximately 20,000 sq.m. of land in Suzhou, Jiangsu Province, China in May 2023 for the construction of our own manufacturing and R&D bases, which will integrate our existing manufacturing facilities and R&D facilities, enhance the overall strength of our Group and provide a convenient site for our future manufacturing pipelines.



## Management Discussion and Analysis (Continued)

### Product and Pipeline

Products and Product Candidates <sup>(2)</sup>	Indication	Type	Stage				Upcoming Milestone	Expected Commercial Launch
			Preclinical	Clinical	Registration	Approval		
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 <sup>(1)</sup>		Registration submission (2025)	2026
			IIa	Europe	CE Mark: exempted from clinical trial requirement		N/A	Launched
			II	Japan, South Korea			Initiation of clinical trials (2023Q4)	2025
			II	United States			Initiation of clinical trials (2023Q4)	2026
	calMR System (comprising the FlashAngio calMR system and the FlashPressure calMR pressure transducer)	Coronary Artery Disease	III	China	NMPA Approval		N/A	Launched
			III	China	Post Registration clinical trial for indication expansion <sup>(3)</sup>		Initiation of clinical trials (2023Q4)	2026
			IIa	Europe <sup>(2)</sup>	CE Mark: exempted from clinical trial requirement		Acceptance process of registration submission	2023Q4
			II	Japan, South Korea			Initiation of clinical trials (2023Q4)	2024
			II	United States			Initiation of clinical trials (2023Q4)	2024
Automated Interventional Module	Intelligent Angiographic Injection System	Vascular Disease	III		NMPA Approval: Exempted from clinical trial requirement		Registration submission (2023Q4)	2024
	Flash Robot Vascular Intervention Navigation Operation System	Coronary Artery Disease	III				Initiation of clinical trials (2024Q3)	2026
		Peripheral Vascular Disease	III				Initiation of clinical trials (2025Q3)	2027
		Neurovascular Disease	III				Initiation of clinical trials (2026Q3)	2028
	Flash RDN System	Hypertension	III				Initiation of clinical trials (2023Q4)	2026

★ 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 calMR 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 have completed our caIMR System and obtained NMPA approval. The system is the only approved less-invasive IMR measurement product having completed a confirmatory clinical trial globally and becomes 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, 2023, we held six material patents and two 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. In May 2022, Dr. Ge Junbo, the president of the Cardiovascular Society of the Chinese Medical Doctor Association and the chief of the Department of Cardiology in the Zhongshan Hospital of Fudan University, published the confirmatory clinical research results of our caIMR System at the European Association of Percutaneous Cardiovascular Interventions, the world's top academic conference for cardiovascular intervention. Compared with wire-based IMR, the diagnostic performance of our caIMR System indicated a diagnostic accuracy of 93.8%, sensitivity of 95.1%, and specificity of 93.1%. We obtained NMPA approval for commercialization of our caIMR System in April 2023.

### 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, 2023, 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.



## Management Discussion and Analysis (Continued)

**We cannot guarantee the future prospects of our core products, caFFR system and caIMR system, and we may not be able to successfully develop and/or market our other core product or any other product candidates.**

### **Outlook and Prospect**

Since the beginning of this year, the compliance of medical devices has become stricter and the competition in the industry is fierce. We have made more arduous efforts than before, and still achieved gratifying results. The income level remained relatively the same as that of the previous period. The core product caIMR system successfully obtained the approval for commercialization from the NMPA, and the in vitro diagnostic field was developed through the acquisition of Tianjin Yuehekang Biotechnology Co., Ltd. Looking forward to the second half of the year, despite the challenging industry situation, we still need to strengthen the Company's competitive advantages in the field of FFR and IMR, actively develop overseas markets, and strive to achieve healthy growth and high-quality development throughout 2023.

# 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.

For the six months ended June 30, 2023, the Company complied with all code provisions of the CG Code except for the deviation as disclosed below.

Code provision C.2.1 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 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.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## Model Code for Securities Transactions

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. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the standards set out in the Model Code for the six months ended June 30, 2023.

## Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

## Corporate Governance and Other Information (Continued)

### 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. Chen Xuefeng, with Mr. Liu Shuen Kong serving as the chairman. Mr. Lau Tsz Ho Tony has resigned as an independent non-executive Director with effect from August 15, 2023 due to the need to devote more time for his other commitments. Upon Mr. Lau Tsz Ho Tony's resignation as an independent non-executive Director, he has ceased to be a member of the Audit Committee with effect from the same date. Mr. Chen Xuefeng has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from August 15, 2023. 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, determined the planned scope, timing and extent of the review and has reviewed the condensed interim financial information of the Group for the six months ended June 30, 2023, which has not been reviewed by the Company's auditors. The Audit Committee has reviewed and agreed with the accounting standards adopted by the Group and has discussed matters on audit, internal control, risk management and financial reporting.

### Changes in Information of the Directors

Name of Director	Change
Mr. Lau Tsz Ho Tony	Mr. Lau has resigned as an independent non-executive Director and a member of the Audit Committee with effect from August 15, 2023.
Mr. Chen Xuefeng	Mr. Chen has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from August 15, 2023.

Saved as disclosed above, as of the date of this report, 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

For the six months ended June 30, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### Use of Net Proceeds from Listing

On July 8, 2022, the Shares of the Company were listed on the Main Board of the Stock Exchange. 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\$78.6 million. Such proceeds were allocated and utilized in accordance with the purposes set out in the Prospectus and there is no change in the intended use of net proceeds as disclosed in the Prospectus.

## Corporate Governance and Other Information (Continued)

The following table sets out the intended use of the net proceeds and a summary of their utilization as at June 30, 2023:

Intended use of net proceeds	Approximate percentage of total net proceeds	Allocation of net proceeds (HK\$ million)	Net proceeds utilized as of June 30, 2023 (HK\$ million)	Balance as of June 30, 2023 (HK\$ million)	Expected timetable for full utilization of the unutilized proceeds
The ongoing research and development, further clinical studies, preparation for registration filings, manufacturing and commercialization of our Core Products, namely, caFFR System and caIMR System	80.0%	62.9	62.9	—	N/A
The ongoing research and development, manufacturing and commercialization of our other pipeline products	16.5%	13.0	13.0	—	N/A
For our general working capital and general corporate purposes	3.5%	2.7	2.7	—	N/A
<b>Total</b>	100.0%	78.6	78.6	—	

As at June 30, 2023, the net proceeds from Listing were fully utilized.

## Corporate Governance and Other Information (Continued)

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

As at June 30, 2023, 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 <sup>(9)</sup> (%)	Long Position/ Short Position/ Interest in a Lending Pool
Mr. Huo Yunfei	Founder of a discretionary trust <sup>(1)</sup>	214,749,000	18.40	Long position
	Beneficial owner <sup>(2)</sup>	2,996,400	0.26	Long position
Mr. Lyu Yonghui	Interest in controlled corporations <sup>(3)</sup>	30,937,000	2.65	Long position
	Beneficial owner <sup>(4)</sup>	1,350,000	0.12	Long position
Mr. Zhang Liang	Interest in controlled corporations <sup>(5)</sup>	4,420,000	0.38	Long position
	Beneficial owner <sup>(6)</sup>	1,800,000	0.15	Long position
Ms. Gu Yang	Interest in controlled corporations <sup>(7)</sup>	5,364,000	0.46	Long position
	Beneficial owner <sup>(8)</sup>	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.



## Corporate Governance and Other Information (Continued)

- (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 1,167,799,000 Shares in issue as at June 30, 2023.

Saved as disclosed above, as at June 30, 2023, 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 at June 30, 2023, 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 <sup>(8)</sup> (%)	Long Position/ Short Position/ Interest in a Lending Pool
Opera Rose Limited <sup>(1)</sup>	Beneficial owner	214,749,000	18.39	Long Position
Dawning Sky Limited <sup>(1)</sup>	Nominee for another person	214,749,000	18.39	Long Position
Vermilion Bird Limited <sup>(2)</sup>	Beneficial owner	159,934,000	13.70	Long Position
Glowing Fame Limited <sup>(2)</sup>	Nominee for another person	159,934,000	13.70	Long Position
Dr. Huo Yunlong <sup>(2)</sup>	Founder of a discretionary trust	159,934,000	13.70	Long Position
TCT (BVI) Limited	Interest in controlled corporations <sup>(1)</sup>	214,749,000	18.39	Long Position
	Interest in controlled corporations <sup>(2)</sup>	159,934,000	13.70	Long Position
The Core Trust Company Limited ("Core Trust")	Trustee <sup>(1)</sup>	214,749,000	18.39	Long Position
	Trustee <sup>(2)</sup>	159,934,000	13.70	Long Position

## Corporate Governance and Other Information (Continued)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company <sup>(8)</sup> (%)	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") <sup>(3)</sup>	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) <sup>(3)</sup>	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)) <sup>(3)</sup>	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") <sup>(3)</sup>	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) <sup>(3)</sup>	Interest in controlled corporations	129,606,000	11.10	Long Position
Ms. Huang Li (黃荔) <sup>(3)</sup>	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") <sup>(4)</sup>	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") <sup>(4)</sup>	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") <sup>(4)</sup>	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") <sup>(4)</sup>	Interest in controlled corporations	120,000,000	10.28	Long Position

## Corporate Governance and Other Information (Continued)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company <sup>(8)</sup> (%)	Long Position/ Short Position/ Interest in a Lending Pool
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") <sup>(4)</sup>	Interest in controlled corporations	120,000,000	10.28	Long Position
Mr. Zhou Bin <sup>(5)</sup>	Interest in controlled corporations	81,343,530	6.97	Long Position
Hebei Dongto Investment Co., Ltd. (河北東拓投資有限公司) ("Hebei Dongto") <sup>(6)</sup>	Beneficial owner	59,801,000	5.12	Long Position
Ms. Zhan Xi (詹曦) <sup>(6)</sup>	Interest in controlled corporations	59,801,000	5.12	Long Position
Mr. Liu Lirui (劉力睿) <sup>(6)</sup>	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") <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position
Gongqingcheng Greenwood's 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") <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position
Mr. Tang Hua (唐華) <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position

## Corporate Governance and Other Information (Continued)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company <sup>(8)</sup> (%)	Long Position/ Short Position/ Interest in a Lending Pool
Tibet Jingning Enterprise Management Co., Ltd. (西藏景寧企業管理有限責任公司) ("Tibet Jingning") <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position
Shanghai Greenwoods Equity Investment Management Co., Ltd. (上海景林股權投資管理有限公司) ("Shanghai Greenwoods Equity") <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position
Mr. Jiang Jinzhi (蔣錦志) <sup>(7)</sup>	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") <sup>(7)</sup>	Interest in controlled corporations	58,927,000	5.05	Long Position

### Notes:

- 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.
- Vermilion Bird Limited is owned as to 99.9% by Glowing Fame Limited and 0.1% by Dr. Huo Yunlong (through Hyljrcyn888 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.
- 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

## Corporate Governance and Other Information (Continued)

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 June 30, 2023, 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)) (formerly known as 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 5,614,000 held by Light Silver, the 7,264,530 Shares held by Shanghai Xingzhourun, and the 19,419,000 Shares held by Qingzhou Internet under the SFO.
- (6) As at June 30, 2023, Hebei Dongto was held as to 52% and 48% by Ms. Zhan Xi (詹曦) and Mr. Liu Lirui (劉力睿), respectively. As such, each of Ms. Zhan Xi (詹曦) 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 Greenwood Equity, which in turn is owned as to 90% by Greenwood Capital. As at June 30, 2023, Greenwood Capital was held as to 50% by Tibet Jingning and 40% by Shanghai Jingwu Investment, whose general partner is Tibet Jingning. As at June 30, 2023, Tibet Jingning was held as to approximately 84.5% by Mr. Jiang Jinzhi (蔣錦志). As such, each of Shenzhen Jinghui Equity, Shanghai Greenwood Equity, Greenwood 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 Greenwood is the limited partner of Shanghai Jingmairun with approximately 99.99% partnership interest. As such, Shenzhen Greenwood is deemed to be interested in the Shares held by Shanghai Jingmairun. The general partner of Shenzhen Greenwood is Shenzhen Jinghui Equity.

Greenwood 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 Greenwood Jingjia is Tibet Jingjia, which in turn is wholly owned Greenwood Capital. Jingchengyu Investment is a limited partner of Greenwood 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 Mr. Tang Hua. As such, each of Greenwood Jingjia, Tibet Jingjia, Jingchengyu Investment and Mr. Tang Hua 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 1,167,799,000 Shares in issue as at June 30, 2023.



## Corporate Governance and Other Information (Continued)

Saved as disclosed above, as at June 30, 2023, 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). No further options were granted under the Pre-IPO Share Option Scheme following such date, and no further options will be granted under the Pre-IPO Share Option Scheme following the Listing. Since the Pre-IPO Share Option Scheme does not involve the grant of any option by our Company to subscribe for the Shares after the Listing, it is not subject to the provisions of Chapter 17 of the Listing Rules.

## Corporate Governance and Other Information (Continued)

Details of the outstanding share options granted under the Pre-IPO Share Option Scheme are set out below:

Name/category of grantee	Positions at the Group	Date of grant	Vesting Period	Number of Shares underlying the outstanding options as of January 1, 2023	Number of Shares underlying the options				Number of Shares underlying the outstanding options as of June 30, 2023	Exercise price (HK\$ per share)	Exercise period
					Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Mr. Huo	Chairman of the Board, executive Director and chief executive officer	December 10, 2021	Please refer to the Note (1) below	2,996,400	—	—	—	—	2,996,400	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Lyu Yonghui	Executive Director and joint chief executive officer	December 10, 2021	Please refer to the Note (1) below	1,350,000	—	—	—	—	1,350,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Zhang Liang	Executive Director, chief financial officer and joint company secretary	December 10, 2021	Please refer to the Note (1) below	1,800,000	—	—	—	—	1,800,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Ms. Gu Yang	Executive Director and vice president	December 10, 2021	Please refer to the Note (1) below	1,050,000	—	—	—	—	1,050,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Ms. Cheng Nina <sup>(Note 2)</sup>	International marketing manager	December 10, 2021	Please refer to the Note (1) below	100,000	—	—	—	—	100,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Liu Guangzhi	Chief technology officer	December 10, 2021	Please refer to the Note (1) below	2,850,000	—	—	—	—	2,850,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Wu Xingyun	Vice president	December 10, 2021	Please refer to the Note (1) below	1,320,000	—	—	—	—	1,320,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Zhou Chang	Vice president	December 10, 2021	Please refer to the Note (1) below	900,000	—	—	—	—	900,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Liu Kangjian	Vice president and the secretary of the Board	December 10, 2021	Please refer to the Note (1) below	1,450,000	—	—	—	—	1,450,000	HK\$3.90	From December 10, 2021 to December 10, 2031
Mr. Duan Ning	Sales director	December 10, 2021	Please refer to the Note (1) below	900,000	—	—	—	—	900,000	HK\$3.90	From December 10, 2021 to December 10, 2031
121 other option holders which are our employees (other than Directors, chief executive, substantial shareholders of the Company or associates of the aforementioned persons) <sup>(Note 3)</sup>	Various positions at the Group	December 10, 2021	Please refer to the Note (1) below	19,310,000	—	—	3,307,500	—	16,002,500	HK\$3.90	From December 10, 2021 to December 10, 2031



## Corporate Governance and Other Information (Continued)

### Notes:

- (1) 30% of the share options granted under the Pre-IPO Share Option Scheme will vest on the date commencing from the expiry of the 12 months after the Listing. 30% of the share options granted under the Pre-IPO Share Option Scheme will vest on the date commencing from the expiry of the 24 months after the Listing. 40% of the share options granted under the Pre-IPO Share Option Scheme will vest on the date commencing from the expiry of the 36 months after the Listing.
- (2) Ms. Cheng Nina is a sister-in-law of Dr. Huo Yunlong.
- (3) 18 out of the 121 employees left the Group during the six months ended June 30, 2023 and the shares options previously granted to them were cancelled accordingly.

During the Reporting Period, save as disclosed above, no share options were granted, exercised, canceled or lapsed.

Details of the fair value of the share options at the date of grant and the accounting standard and policy adopted are set out in note 20 to the interim condensed consolidated financial information in this interim report.

As at June 30, 2023, the outstanding share options under the Pre-IPO Share Option Scheme is 30,718,900. For the six months ended June 30, 2023, 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 20 to the interim condensed consolidated financial information in this interim report.

### **Directors' Rights to Acquire Shares or Debentures**

Other than the Pre-IPO Share Option Scheme, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable any Director to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

During the Reporting Period, the Company did not grant any rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company to any Directors or their respective spouses or children under the age of 18, and none of them had exercised such rights.

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	50,374	51,899
Cost of sales	7	(13,123)	(7,071)
<b>Gross profit</b>		<b>37,251</b>	44,828
Research and development expenses	7	(22,617)	(27,951)
Selling expenses	7	(38,403)	(32,454)
General and administrative expenses	7	(37,321)	(47,154)
Net impairment losses of impairment on financial assets		(57)	—
Other income	8	1,486	3,386
Other gains — net	9	4,313	3,373
<b>Operating loss</b>		<b>(55,348)</b>	(55,972)
Finance income		7,540	1,304
Finance costs		(706)	(376)
Finance income — net		6,834	928
Fair value loss of financial liabilities		—	(1,166,305)
<b>Loss before income tax</b>		<b>(48,514)</b>	(1,221,349)
Income tax credit	10	499	11,127
<b>Loss for the period</b>		<b>(48,015)</b>	(1,210,222)
<b>Loss attributable to:</b>			
Shareholders of the Company		(47,479)	(1,210,222)
Non-controlling interests		(536)	—
		<b>(48,015)</b>	(1,210,222)
<b>Losses per share for the period and attributable to the shareholders of the Company</b>			
— Basic and diluted losses per share (RMB)	11	(0.04)	(1.88)

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	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Loss for the period</b>		<b>(48,015)</b>	(1,210,222)
<b>Other comprehensive income/(loss):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences arising from translation of the Company		<b>12,371</b>	(76,765)
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of subsidiaries of the Company		<b>(3,926)</b>	435
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>8,445</b>	(76,330)
<b>Total comprehensive loss for the period</b>		<b>(39,570)</b>	(1,286,552)
<b>Total comprehensive loss attributable to:</b>			
Shareholders of the Company		<b>(39,034)</b>	(1,286,552)
Non-controlling interests		<b>(536)</b>	—
		<b>(39,570)</b>	(1,286,552)

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	79,491	29,728
Right-of-use assets	14	11,252	9,014
Intangible assets	13	43,317	13,101
Deferred income tax assets		25,108	24,619
Trade and other receivables	16	2,453	2,936
Prepayments	17	1,651	7,499
		<b>163,272</b>	86,897
<b>Current assets</b>			
Inventories		8,263	7,606
Bills receivables	15	1,169	3,531
Trade and other receivables	16	14,552	6,534
Prepayments	17	9,370	6,803
Financial assets at fair value through profit or loss ("FVTPL")	18	137,286	132,645
Bank deposits with the maturity over three months		205,038	355,196
Cash and cash equivalents		122,947	91,118
		<b>498,625</b>	603,433
<b>Total assets</b>		<b>661,897</b>	690,330
<b>EQUITY</b>			
Share capital and premium	19	2,786,929	2,786,929
Accumulated losses		(2,267,036)	(2,219,557)
Other reserves		65,097	51,264
<b>Equity attributable to the shareholders of the Company</b>		<b>584,990</b>	618,636
Non-controlling interests		5,663	—
<b>Total equity</b>		<b>590,653</b>	618,636

## Interim Condensed Consolidated Balance Sheet (Continued)

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	15,570	—
Lease liabilities	23	1,385	3,575
Deferred tax liabilities		281	—
		<b>17,236</b>	3,575
<b>Current liabilities</b>			
Borrowings	22	15,000	18,000
Trade and other payables	24	28,795	39,229
Contract liabilities	6	3,658	3,487
Lease liabilities	23	6,555	7,403
		<b>54,008</b>	68,119
<b>Total liabilities</b>		<b>71,244</b>	71,694
<b>Total equity and liabilities</b>		<b>661,897</b>	690,330
<b>Net current assets</b>		<b>444,617</b>	535,314

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

	Note	Attributable to shareholders of the Company					Non-controlling interests	Total
		Share capital and premium	Convertible preferred shares	Accumulated losses	Other reserves	Subtotal		
		RMB'000 (Note 19)	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2023</b>		2,786,929	–	(2,219,557)	51,264	618,636	–	618,636
Loss for the period		–	–	(47,479)	–	(47,479)	(536)	(48,015)
Other comprehensive income		–	–	–	8,445	8,445	–	8,445
<b>Total comprehensive loss</b>		–	–	(47,479)	8,445	(39,034)	(536)	(39,570)
<b>Transactions with shareholders and investors</b>								
Business Combination	25	–	–	–	–	–	6,199	6,199
Share-based compensation expenses	20	–	–	–	5,388	5,388	–	5,388
<b>Total transactions with shareholders and investors</b>		–	–	–	5,388	5,388	6,199	11,587
<b>Balance at 30 June 2023 (unaudited)</b>		2,786,929	–	(2,267,036)	65,097	584,990	5,663	590,653

## Interim Condensed Consolidated Statement of Changes in Equity (Continued)

<b>Attributable to shareholders of the Company</b>					
Note	<b>Share capital and premium</b>	<b>Convertible preferred shares</b>	<b>Accumulated losses</b>	<b>Other reserves</b>	<b>Total</b>
	<b>RMB'000 (Note 19)</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance at 1 January 2022</b>	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)
<b>Total comprehensive loss</b>	—	—	(1,210,222)	(76,330)	(1,286,552)
<b>Transactions with shareholders and investors</b>					
Share-based compensation expenses	20	—	—	7,389	7,389
<b>Total transactions with shareholders and investors</b>	—	—	—	7,389	7,389
<b>Balance at 30 June 2022 (unaudited)</b>	1	13,000	(2,083,816)	17,168	(2,053,647)

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(61,101)	(49,760)
Interest received	863	1,304
Income tax paid	2	—
<b>Net cash used in operating activities</b>	<b>(60,236)</b>	<b>(48,456)</b>
<b>Cash flows from investing activities</b>		
Repayments from a related party	2,000	—
Loans to a related party	(4,000)	—
Repayments from third parties	4,000	—
Acquisition of a subsidiary	(13,887)	—
Purchase of property, plant and equipment	(50,120)	(8,104)
Purchase of intangible assets	(11,609)	(727)
Interest received from short term investments	4,827	—
Purchase of short-term bank deposits	(187,871)	—
Purchase of financial assets at FVTPL	(130,221)	(3,355)
Proceeds from disposal of short-term bank deposits	339,879	—
Proceeds from disposal of financial assets at FVTPL	131,412	—
<b>Net cash generated from/(used in) investing activities</b>	<b>84,410</b>	<b>(12,186)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	30,570	—
Payments for listing expenses	—	(299)
Repayments of bank borrowings	(18,250)	—
Interests paid	(465)	—
Payments of lease liabilities	(8,490)	(3,623)
<b>Net cash generated from/(used in) financing activities</b>	<b>3,365</b>	<b>(3,922)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,539</b>	<b>(64,564)</b>
Cash and cash equivalents at beginning of the period	91,118	559,140
Exchange differences on cash and cash equivalents	4,290	23,884
<b>Cash and cash equivalents at end of the period</b>	<b>122,947</b>	<b>518,460</b>

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, coronary angiography-derived index of microvascular resistance (“caIMR”) system and in vitro diagnostic (“IVD”) products 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 2023.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 (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 annual audited financial statements of the Company for the years ended 31 December 2022 which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA as set out in the 2022 annual report of the Company dated 30 March 2023 (the “2022 Financial Statements”).

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 2022 Financial Statements.

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 operating cash outflows, the Group has positive working capital resulting from capital raising activities through issuance of shares by global offering.

As at 30 June 2023, the Group had a total cash and cash equivalents of RMB122,947,000 and bank deposits with the maturity over three months of RMB205,038,000. The directors are of the opinion that 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 consolidated financial statements on a going concern basis.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 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 audited financial statements of the Company for the year ended 31 December 2022, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the 2022 Financial Statements.

#### (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 2023:

		<b>Effective for annual periods beginning on or after</b>
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
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023

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.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 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 2023 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2024
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 2024

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 2022 Financial Statements.

## 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 2022 Financial Statements.

There have been no changes in the risk management policies since 31 December 2022.

#### (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.

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.

	<b>On demand or less than 1 year RMB'000</b>	<b>Between 1 and 2 years RMB'000</b>	<b>Between 2 and 5 years RMB'000</b>	<b>Total RMB'000</b>
<b>As at 30 June 2023 (unaudited)</b>				
Trade and other payables (excluding other tax payables, staff salaries and welfare payables and payables for deposit)	<b>8,313</b>	—	—	<b>8,313</b>
Borrowings (including interest payables)	<b>15,800</b>	<b>4,373</b>	<b>11,861</b>	<b>32,034</b>
Lease liabilities (including interest payables)	<b>6,761</b>	<b>1,265</b>	<b>159</b>	<b>8,185</b>
	<b>30,874</b>	<b>5,638</b>	<b>12,020</b>	<b>48,532</b>
<b>As at 31 December 2022 (audited)</b>				
Trade and other payables (excluding other tax payables, staff salaries and welfare payables and payables for deposit)	8,768	—	—	8,768
Borrowings (including interest payables)	18,363	—	—	18,363
Lease liabilities (including interest payables)	7,791	3,303	377	11,471
	34,922	3,303	377	38,602

## 5 Financial risk management (Continued)

### 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.

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 2023 (for the six months ended 30 June 2022: no). 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 2023 are presented in Note 18.

## 5 Financial risk management (Continued)

### 5.2 Fair value estimation (Continued)

#### Financial instruments in level 3

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2023 and 31 December 2022:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Assets</b>		
— Financial assets at FVTPL (Note 18)	<b>137,286</b>	132,645

During the six months ended 30 June 2023, 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.

## 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, calMR system and IVD products. 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:

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
Timing of revenue recognition		
At a point in time:		
— Sales of products	<b>49,935</b>	51,605
Over time:		
— Installation and training services	<b>439</b>	294
	<b>50,374</b>	51,899



## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 6 Segment and revenue information (Continued)

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

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Contract liabilities:		
— Consideration for sales of goods	<b>1,760</b>	1,723
— Consideration for installation and training services	<b>1,898</b>	1,764
	<b>3,658</b>	3,487

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.

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period:		
— Sales of goods	<b>719</b>	2,763
— Installation and training services	<b>335</b>	150
	<b>1,054</b>	2,913

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 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	
	2023 RMB'000 Revenue (Unaudited)	2022 RMB'000 Revenue (Unaudited)
China	50,366	51,485
Others	8	414
	<b>50,374</b>	51,899

As at 30 June 2023 and 31 December 2022, 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 2023 and 2022 are listed as below:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Customer A	20.04%	10.27%
Customer B	14.92%	10.92%
Customer C	11.48%	*
Customer D	*	14.68%
<b>Total</b>	<b>46.44%</b>	35.87%

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

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expenses	65,347	62,727
Professional services	2,710	3,986
Depreciation and amortisation charges	9,371	8,532
Raw material costs	10,944	5,990
Changes in inventories of finished goods and work in progress	(619)	2,109
Travelling expenses	4,288	1,604
Promotion and hospitality expenses	9,082	9,782
Short-term lease expenses	483	121
Clinical trials and testing expenses	3,702	1,713
Utilities	488	290
Auditor's remuneration	916	55
Listing expenses	—	14,354
Tax surcharges	514	254
Other expenses	4,238	3,113
	<b>111,464</b>	114,630

### 8 Other income

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants related to costs	1,486	3,386

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.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 9 Other gains — net

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net foreign exchange gains	2,959	3,605
Losses on disposals of property, plant and equipment	(4)	(1)
Fair value change in financial assets at FVTPL	1,677	—
Others	(319)	(231)
	4,313	3,373

### 10 Income tax credit

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Deferred income tax	499	11,127

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 2023 and 2022.

**(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 2023.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 10 Income tax credit (Continued)

#### (c) Mainland China (Continued)

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 shareholders 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 2023 and 2022, the shares issued to existing shareholders before public offering through the Capitalisation Issue had been adjusted retrospectively as if those shares have been issued since 1 January 2022. Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to shareholders of the Company (RMB'000)	(47,479)	(1,210,222)
Weighted average number of ordinary shares in issue (thousand)	1,167,799	644,500
Basic loss per share (in RMB/share)	(0.04)	(1.88)

#### (b) Diluted loss per share

The Group has potential dilutive shares related to the Pre-initial public offerings ("IPO") share option scheme (Note 20). For the six months ended 30 June 2023 and 2022 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 2023 and 2022 are the same as basic loss per share.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

## 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
<b>At 31 December 2022 (audited)</b>						
Cost	3,797	7,402	130	35,045	2,139	48,513
Accumulated depreciation	(1,594)	(1,908)	(50)	(15,233)	—	(18,785)
Net book amount	2,203	5,494	80	19,812	2,139	29,728
<b>Six months ended 30 June 2023 (unaudited)</b>						
Opening net book amount	2,203	5,494	80	19,812	2,139	29,728
Business combination	10	259	6	—	—	275
Additions	376	7,485	—	556	47,061	55,478
Disposals	(25)	—	—	—	—	(25)
Transfers	—	114	—	1,740	(1,854)	—
Depreciation charge	(560)	(968)	(13)	(4,424)	—	(5,965)
Closing net book amount	2,004	12,384	73	17,684	47,346	79,491
<b>At 30 June 2023 (unaudited)</b>						
Cost	4,127	15,250	136	37,341	47,346	104,200
Accumulated depreciation	(2,123)	(2,866)	(63)	(19,657)	—	(24,709)
Net book amount	2,004	12,384	73	17,684	47,346	79,491

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 13 Intangible assets

	Software RMB'000	Capitalised development costs RMB'000	Goodwill RMB'000	Customer relationship RMB'000	Technology RMB'000	Total RMB'000
<b>At 31 December 2022 (audited)</b>						
Cost	1,188	12,211	—	—	—	13,399
Accumulated amortisation	(298)	—	—	—	—	(298)
Net book amount	890	12,211	—	—	—	13,101
<b>Six months ended 30 June 2023 (unaudited)</b>						
Opening net book amount	890	12,211	—	—	—	13,101
Additions	370	12,238	—	—	—	12,608
Business combination (note 25)	—	—	12,591	3,000	2,900	18,491
Amortisation charge	(260)	(444)	—	(75)	(104)	(883)
Closing net book amount	1,000	24,005	12,591	2,925	2,796	43,317
<b>At 30 June 2023 (unaudited)</b>						
Cost	1,558	24,449	12,591	3,000	2,900	44,498
Accumulated amortisation	(558)	(444)	—	(75)	(104)	(1,181)
Net book amount	1,000	24,005	12,591	2,925	2,796	43,317

During the six months ended 30 June 2023, development costs approximately amounted to RMB12,238,000 (six months ended 30 June 2022: Nil) have been capitalised and research and development expenses approximately amounted to RMB22,617,000 (six months ended 30 June 2022: RMB27,951,000) are expensed when incurred.

No impairment test has been performed during the year ended 31 December 2022 since there is no event or change in circumstances indicate that the intangible assets might be impaired.



## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 14 Right-of-use assets

Amounts recognised in the condensed consolidated balance sheet:

	<b>Total</b>
	<b>RMB'000</b>
<b>At 31 December 2022 (audited)</b>	
Cost	18,735
Accumulated depreciation	(9,721)
Net book amount	9,014
<b>Six months ended 30 June 2023 (unaudited)</b>	
Opening net book amount	<b>9,014</b>
Additions	<b>5,211</b>
Depreciation charge	<b>(2,973)</b>
Closing net book amount	<b>11,252</b>
<b>At 30 June 2023 (unaudited)</b>	
Cost	<b>23,946</b>
Accumulated depreciation	<b>(12,694)</b>
Net book amount	<b>11,252</b>

### 15 Bills receivables

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Bank acceptance bills	<b>1,169</b>	3,531

As at 30 June 2023, no bills has been endorsed to the suppliers or discounted to the bank.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 16 Trade and other receivables

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (a)	<b>6,402</b>	148
Other receivables (b)	<b>10,913</b>	9,322
Less: non-current portion	<b>(2,763)</b>	(2,936)
Trade and other receivables — net	<b>14,552</b>	6,534

#### (a) Trade receivables

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	<b>6,402</b>	148
Less: provision for impairment	<b>(310)</b>	—
Trade receivables — net	<b>6,092</b>	148

The credit period for trade receivables was generally 30 to 365 days from the date of billing during the year. The ageing analysis of trade receivables based on invoice dates was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Within 30 days	<b>2,865</b>	43
30 days to 90 days	<b>842</b>	—
91 days to 180 days	<b>447</b>	105
181 days to 365 days	<b>1,105</b>	—
1 Year to 2 Years	<b>833</b>	—
	<b>6,092</b>	148

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 16 Trade and other receivables (Continued)

#### (b) Other receivables

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Loans to employees	<b>24</b>	4,000
Deposits	<b>3,296</b>	3,222
Amount due from a related party (Note 27(c))	<b>4,000</b>	2,000
Loans to third parties	<b>3,002</b>	—
Value-added tax recoverable	<b>426</b>	108
Others	<b>250</b>	75
	<b>10,998</b>	9,405
Less: provision for impairment of other receivables	<b>(85)</b>	(83)
Other receivables — net	<b>10,913</b>	9,322
Less: non-current portion	<b>(2,453)</b>	(2,936)
	<b>8,460</b>	6,386

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

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 17 Prepayments

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Prepayments</b>		
Prepayments for purchase of raw materials	4,538	1,816
Prepayments for purchase of equipment	445	5,927
Prepayments for purchase of services	3,849	5,323
Others	2,189	1,236
	<b>11,021</b>	14,302
Less: non-current portion	<b>(1,651)</b>	(7,499)
Current portion	<b>9,370</b>	6,803

### 18 Financial assets at FVTPL

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
At beginning of the period/year	132,645	—
Addition	130,221	130,437
Disposals	(131,412)	(3,379)
Change in fair value	1,677	1
Currency translation differences	4,155	5,586
At end of the period/year	<b>137,286</b>	132,645

### 19 Share capital and premium

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	Share capital		Share premium	Total
		HKD'000	RMB'000	RMB'000	
As at 30 June 2023 and 31 December 2022	1,167,799,000	116	100	2,786,829	2,786,929

## 20 Share-based compensation

### (a) 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.

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 2023 was approximately RMB5,388,000 (six months ended 30 June 2022: 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%

## 20 Share-based compensation (Continued)

### (a) Pre-IPO share option scheme (Continued)

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

	Six months ended 30 June 2023		Year ended 31 December 2022	
	Average exercise price	Number of shares under the option	Average exercise price	Number of shares under the option
<b>At beginning of the period/year</b>	<b>HKD3.90</b>	<b>34,026,400</b>	HKD194.97	707,628
Capitalisation Issue	<b>HKD3.90</b>	—	HKD3.90	34,673,772
Forfeited after Capitalisation Issue	<b>HKD3.90</b>	<b>(3,307,500)</b>	HKD3.90	(1,355,000)
<b>At end of the period/year</b>	<b>HKD3.90</b>	<b>30,718,900</b>	HKD3.90	34,026,400

No options expired or exercised during the periods covered by the above tables.

## 21 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 2023 and 2022.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 22 Borrowings

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Bank borrowings	<b>30,570</b>	18,000

(a) As at 30 June 2023 and 31 December 2022, the Group's borrowings were repayable as follows:

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Within 1 year	<b>15,000</b>	18,000
Between 2 and 5 years	<b>15,570</b>	—
	<b>30,570</b>	18,000

(b) The weighted average effective interest rates as at 30 June 2023 was 3.55%.

(c) As at 30 June 2023, the Group had unutilised bank facilities of RMB185,000,000 (2022: RMB 191,000,000).

### 23 Lease liabilities

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Lease liabilities</b>		
— Current	<b>6,555</b>	7,403
— Non-current	<b>1,385</b>	3,575
<b>Total lease liabilities</b>	<b>7,940</b>	10,978



## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 23 Lease liabilities (Continued)

As at 30 June 2023 and 31 December 2022, the Group's lease liabilities were repayable as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	<b>6,555</b>	7,403
Between 1 and 2 years	<b>1,230</b>	3,208
Between 2 and 5 years	<b>155</b>	367
	<b>7,940</b>	10,978

### 24 Trade and other payables

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Trade payables	<b>2,704</b>	1,131
Staff salaries and welfare payables	<b>15,132</b>	24,190
Other tax payables	<b>5,350</b>	6,271
Payables for equipment and intangible assets	<b>295</b>	444
Payables for service suppliers	<b>629</b>	3,231
Other accrued expenses	<b>4,685</b>	3,962
	<b>28,795</b>	39,229

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

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	<b>2,704</b>	1,131

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 25 Business Combination

On 1 March 2023, the Group entered into an investment agreement (“the Agreement”) with Qingdao Yaoshuntong Trading Limited Company (“Qingdao Yaoshuntong”) and Mr. He Zhibo (the “Beneficial Owner”). Pursuant to the Agreement, the Group has conditionally agreed to (i) acquire 57% of the registered capital of Tianjin Yuehekang Biotechnology Co., Ltd. (“Tianjin Yuehekang”), a company engaging in the research and development, production and marketing of in vitro diagnostic reagents,, at the consideration in the amount of RMB15,960,000; (ii) subscribe for the increased registered capital, which represents 11.32% of the total registered capital of Tianjin Yuehekang on a fully-diluted basis as enlarged by the investment, at the consideration in the amount of RMB10,000,000.

On 23 March 2023, the Group completed the acquisition of 68.32% of the registered capital of Tianjin Yuehekang for total consideration of RMB25,960,000. The acquisition is expected to improve the Group’s product layout and help the Group to seize more market opportunities for in vitro diagnostic products in the cardiovascular field and generate more revenue to the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>RMB’000 (Unaudited)</b>
Total purchase consideration	<b>25,960</b>

The fair value of assets acquired and liabilities assumed as at the acquisition date are as follows:

	<b>RMB’000 (Unaudited)</b>
Cash and cash equivalents	<b>2,073</b>
Property, plant and equipment	<b>275</b>
Intangible assets — customer relationship and technology (Note 13)	<b>5,900</b>
Trade and other receivables	<b>4,023</b>
Other assets	<b>10,838</b>
Contract liability	<b>(260)</b>
Other liability	<b>(3,281)</b>
Net identifiable assets acquired	<b>19,568</b>
Less: non-controlling interest	<b>(6,199)</b>
Add: goodwill	<b>12,591</b>
	<b>25,960</b>

The goodwill is attributable to business prospects of the acquired business. None of the goodwill is expected to be deductible for tax purposes. See note 13 above for the changes in goodwill as a result of the acquisition.

The fair value of the acquired customer relationship and technology is RMB3,200,000 and RMB2,700,000 (Note 13). Deferred tax of RMB147,500 has been provided in relation to these fair value adjustments.

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 25 Business Combination (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<b>RMB'000 (Unaudited)</b>
Cash consideration	<b>(25,960)</b>
Cash and bank balances acquired	<b>2,073</b>
Registered capital increased in a subsidiary	<b>10,000</b>
Net cash outflow on investing activities	<b>(13,887)</b>

#### (a) Acquisition-related costs

Acquisition-related costs are included in administrative expenses in profit or loss.

#### (b) Contingent consideration

Pursuant the Agreement, the Group could claim cash compensation from Qingdao Yaoshuntong and the Beneficial Owner if Tianjin Yuehekang fail to achieve guaranteed revenue and/or guaranteed profit during the years from 2023 to 2025.

As at 30 June 2023, there was no fair value through profit or loss recognised for the contingent consideration arrangement as the assumed probability-adjusted profit in Tianjin Yuehekang was recalculated to achieve guaranteed profit.

#### (b) Acquired receivables

The fair values of its trade and other receivables as at the date of acquisition amounted RMB4,023,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

#### (c) Revenue and profit contribution

The acquired business contributed revenues of RMB2,567,000 and net loss of RMB1,692,000 to the group for the period from 31 March 2023 to 30 June 2023. If the acquisition had occurred on 1 January 2023, consolidated revenue and consolidated net loss for the half-year ended 30 June 2023 would have been RMB5,255,000 and RMB3,308,000 respectively.

### 26 Commitments

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

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Property, plant and equipment	<b>361,910</b>	11,350

## 27 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 2023 and 31 December 2022:

Name of related parties	Nature of relationship
Mr. Zhou Chang	Key management

### (b) Transactions with related parties

#### (i) Loaned to a related party

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Year ended 31 December 2022 RMB'000 (Audited)
Mr. Zhou Chang	4,000	2,000

#### (ii) Amounts repaid by a related party

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Year ended 31 December 2022 RMB'000 (Audited)
Mr. Zhou Chang	2,000	—

## Notes to the Interim Condensed Consolidated Financial Information (Continued)

### 27 Related party transactions (Continued)

#### (c) Balances with a related party

##### (i) Loans to a related party

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Non-trade</b>		
Mr. Zhou Chang	<b>4,000</b>	2,000

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

#### (d) 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 2023 and 2022 was shown as below.

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
Salaries, wages and bonuses	<b>4,873</b>	5,452
Contributions to pension plans	<b>218</b>	166
Housing fund, medical insurance and other social insurance	<b>212</b>	191
Share-based compensation expenses	<b>5,671</b>	2,703
	<b>10,974</b>	8,512

### 28 Subsequent events

The Group does not have any significant subsequent event that need to be disclosed.

# DEFINITIONS

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

<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Board of Directors” or “Board”</b>	the board of Directors
<b>“BVI”</b>	the British Virgin Islands
<b>“CAD”</b>	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
<b>“caFFR”</b>	coronary angiography-derived fractional flow reserve, a novel less-invasive index to determine the FFR in patients with stable or unstable angina
<b>“CAG”</b>	coronary angiography, a percutaneous procedure that uses contrast dye and X-ray images to detect coronary artery diseases
<b>“calMR”</b>	coronary angiography-derived index of microvascular resistance, which is proposed for physiological assessment of microvascular diseases in coronary circulation
<b>“CE Mark”</b>	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
<b>“CG Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“China” or “PRC”</b>	the People’s Republic of China, which for the purpose of this report and for geographical reference only, Hong Kong, Macau and Taiwan
<b>“Company” or “our Company”</b>	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
<b>“confirmatory clinical trial”</b>	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
<b>“Core Product”</b>	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 calMR System

## Definitions (Continued)

<b>“CRO”</b>	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
<b>“Director(s)”</b>	the director(s) of the Company
<b>“FFR”</b>	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
<b>“Global Offering”</b>	has the meaning as ascribed to it under the Prospectus
<b>“GMP”</b>	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
<b>“Group”, “our Group”, “we”, “us” or “our”</b>	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
<b>“HFpEF”</b>	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
<b>“HKFRS”</b>	Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Accounting Standards Board
<b>“Hong Kong dollars”, “HKD” or “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“IMR”</b>	index of microcirculatory resistance, the quantitative assessment of the minimum microcirculatory resistance in a target coronary arteriolar territory
<b>“IVD”</b>	in vitro diagnostic
<b>“KOL(s)”</b>	key opinion leader(s), renowned physicians who are able to influence their peers’ medical practice
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Stock Exchange



<b>“Listing Date”</b>	the date, Friday, July 8, 2022, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
<b>“Listing Rules”</b>	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)
<b>“Main Board”</b>	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
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
<b>“NMPA”</b>	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)
<b>“Nomination Committee”</b>	the nomination committee of our Board
<b>“NSTEMI”</b>	non-ST segment elevation myocardial infarction, a heart attack that occurs without ST segment elevation on the electrocardiogram
<b>“Over-allotment Option”</b>	has the meaning as ascribed to it under the Prospectus
<b>“PCI”</b>	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
<b>“PCT”</b>	the Patent Cooperation Treaty
<b>“Preferred Shares”</b>	has the meaning as ascribed to it under the Prospectus
<b>“Pre-IPO Share Option Scheme”</b>	the share option scheme adopted by our Company on December 10, 2021
<b>“Prospectus”</b>	the prospectus of the Company dated June 27, 2022, in relation to the Global Offering
<b>“R&amp;D”</b>	research and development
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“Reporting Period”</b>	the six months ended June 30, 2023
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC

## Definitions (Continued)

<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) with a par value of HK\$0.0001 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“SMO”</b>	site management organization, an organization that provides clinical trial related services to medical device companies
<b>“sq.m.”</b>	square meter, a unit of area
<b>“STEMI”</b>	ST segment elevation myocardial infarction, which occurs due to occlusion of one or more coronary arteries, causing transmural myocardial ischemia
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“substantial shareholder(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Suzhou Rainmed”</b>	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
<b>“U.S. dollars”, “US\$” or “USD”</b>	United States dollars, the lawful currency of the United States
<b>“United States” or “U.S.”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“%”</b>	per cent

Note: The English translation of Chinese names of entities included in this interim report is prepared for identification purpose only.

The logo for Rain Med features the word "Rain" in a bold, black, sans-serif font, followed by "Med" in the same font. A red diagonal slash is positioned between the two words. The background is a light blue gradient with faint white hexagonal outlines and curved lines at the bottom.

**Rain Med**