**Rainmed Medical Limited**
**潤邁德醫療有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 2297)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

## FINANCIAL SUMMARY

| | **Unaudited Six months ended June 30,** | | |
|---|---|---|---|
| | **2023** | 2022 | Change |
| | ***RMB million* (Except percentage)** | *RMB million* (Except percentage) | |
| Revenue | **50.4** | 51.9 | (2.9%) |
| Gross profit | **37.3** | 44.8 | (16.7%) |
| Gross profit margin | **74.0%** | 86.4% | |
| Loss attributable to shareholders of the Company | **(47.5)** | (1,210.2) | (96.1%) |
| Adjusted non-HKFRS loss attributable to shareholders of the Company*Note* | **(42.1)** | (22.2) | 89.6% |
| | ***RMB*** | *RMB* | |
| Loss per share | | | |
| — Basic and diluted | **(0.04)** | (1.88) | (97.9%) |
| Adjusted non-HKFRS loss per share | | | |
| — Basic and diluted | **(0.04)** | (0.03) | 33.3% |

The Board resolved not to declare any interim dividend for the six months ended June 30, 2023.

*Note:* For the six months ended June 30, 2023, the Group incurred loss of RMB48.0 million, including loss attributable to shareholders of the Company of RMB47.5 million, which was mainly attributable to ongoing expenses of research and development, manufacturing and commercialization of medical instrument. Share-based payment expenses are non-cash expenses arising from Pre-IPO Share Option Scheme granted to certain management personnel and employees, which are commonly not included in similar non-HKFRS measures adopted by other companies in our industry. After eliminating potential impacts of certain non-cash or other expenses that do not affect our ongoing operating performance, including share-based payment expenses, the Group's adjusted non-HKFRS loss attributable to shareholders of the Company was RMB42.1 million.

The Board of Directors of the Company is pleased to announce that, the unaudited interim condensed consolidated results of the Group for the Reporting Period, together with the comparative figures of the same period of last year are set out below:

## UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | | Six months ended June 30, | |
|---|---|---|---|
| | *Note* | **2023** | 2022 |
| | | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| Revenue | 4 | **50,374** | 51,899 |
| Cost of sales | 5 | **(13,123)** | (7,071) |
| **Gross profit** | | **37,251** | 44,828 |
| Research and development expenses | 5 | **(22,617)** | (27,951) |
| Selling expenses | 5 | **(38,403)** | (32,454) |
| General and administrative expenses | 5 | **(37,321)** | (47,154) |
| Net impairment losses on financial assets | | **(57)** | — |
| Other income | | **1,486** | 3,386 |
| Other gains — net | | **4,313** | 3,373 |
| **Operating loss** | | **(55,348)** | (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) |
| **Loss before income tax** | | **(48,514)** | (1,221,349) |
| Income tax credit | 6 | **499** | 11,127 |
| **Loss for the period** | | **(48,015)** | (1,210,222) |
| **Loss attributable to:** | | | |
| Shareholders of the Company | | **(47,479)** | (1,210,222) |
| Non-controlling interests | | **(536)** | — |
| | | **(48,015)** | (1,210,222) |
| **Losses per share for the period and attributable to the shareholders of the Company** | | | |
| — Basic and diluted losses per share (RMB) | 7 | **(0.04)** | (1.88) |

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Loss for the period** | **(48,015)** | (1,210,222) |
| **Other comprehensive income/(loss):** | | |
| *Items that will not be reclassified to profit or loss* | | |
| Exchange differences arising from translation of the Company | **12,371** | (76,765) |
| *Items that may be reclassified to profit or loss* | | |
| Exchange differences arising from translation of subsidiaries of the Company | **(3,926)** | 435 |
| **Other comprehensive income/(loss) for the period, net of tax** | **8,445** | (76,330) |
| **Total comprehensive loss for the period** | **(39,570)** | (1,286,552) |
| **Total comprehensive loss attributable to:** | | |
| Shareholders of the Company | **(39,034)** | (1,286,552) |
| Non-controlling interests | **(536)** | — |
| | **(39,570)** | (1,286,552) |

## UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | *Note* | **As at June 30, 2023** *RMB'000* **(Unaudited)** | As at December 31, 2022 *RMB'000* (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **79,491** | 29,728 |
| Right-of-use assets | | **11,252** | 9,014 |
| Intangible assets | | **43,317** | 13,101 |
| Deferred income tax assets | | **25,108** | 24,619 |
| Trade and other receivables | 9 | **2,453** | 2,936 |
| Prepayments | | **1,651** | 7,499 |
| | | **163,272** | 86,897 |
| **Current assets** | | | |
| Inventories | | **8,263** | 7,606 |
| Bill receivables | 8 | **1,169** | 3,531 |
| Trade and other receivables | 9 | **14,552** | 6,534 |
| Prepayments | | **9,370** | 6,803 |
| Financial assets at fair value through profit or loss ("**FVTPL**") | | **137,286** | 132,645 |
| Bank deposits with the maturity over three months | | **205,038** | 355,196 |
| Cash and cash equivalents | | **122,947** | 91,118 |
| | | **498,625** | 603,433 |
| **Total assets** | | **661,897** | 690,330 |
| **EQUITY** | | | |
| Share capital and share premium | | **2,786,929** | 2,786,929 |
| Accumulated losses | | **(2,267,036)** | (2,219,557) |
| Other reserves | | **65,097** | 51,264 |
| **Equity attributable to the shareholders of the Company** | | **584,990** | 618,636 |
| Non-controlling interests | | **5,663** | — |
| **Total equity** | | **590,653** | 618,636 |

## UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

| | *Note* | **As at June 30, 2023** *RMB'000* **(Unaudited)** | As at December 31, 2022 *RMB'000* (Audited) |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **15,570** | — |
| Lease liabilities | | **1,385** | 3,575 |
| Deferred tax liabilities | | **281** | — |
| | | **17,236** | 3,575 |
| **Current liabilities** | | | |
| Borrowings | | **15,000** | 18,000 |
| Trade and other payables | 11 | **28,795** | 39,229 |
| Contract liabilities | | **3,658** | 3,487 |
| Lease liabilities | | **6,555** | 7,403 |
| | | **54,008** | 68,119 |
| **Total liabilities** | | **71,244** | 71,694 |
| **Total equity and liabilities** | | **661,897** | 690,330 |
| **Net current assets** | | **444,617** | 535,314 |

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended June 30, 2023*

## 1. General Information

The Company was incorporated in the Cayman Islands on April 9, 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 are primarily engaged in R&D, manufacturing and commercialization of medical instrument related to caFFR system, caIMR system and IVD products in the PRC, Europe and other regions.

The Company's shares have been listed on the main board of the Stock Exchange since July 8, 2022.

These unaudited interim condensed consolidated financial information are presented in RMB, unless otherwise stated, which has been approved for issue on August 30, 2023.

## 2. Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 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. 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.

## 3. Accounting policies

The interim condensed consolidated financial information has been prepared under historical cost convention as modified by the revaluation of financial assets and financial liabilities at FVTPL, which are carried at fair value. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those presented in the consolidated financial statements of the Company for the years ended December 31, 2022, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the Accountant's Report.

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

The following new standards, amendments to existing standards and interpretations are relevant and mandatory for the Group's financial reporting period beginning on January 1, 2023:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| 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.

*(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 January 1, 2022 and have not been early adopted by the Group:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to HKAS 1 | Classification of liabilities as current or non-current | 1 January 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. 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, caIMR system and IVD products. For management purposes, the Group is not organized into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

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

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

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

| | **As at June 30, 2023** | As at December 31, 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Contract liabilities: | | |
| — Consideration for sales of goods | **1,760** | 1,723 |
| — Consideration for installation and training services | **1,898** | 1,764 |
| | **3,658** | 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 recognized in relation to contract liabilities***

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

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

*(e)* ***Geographical information***

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

| | **Six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **Revenue** | Revenue |
| | **(Unaudited)** | (Unaudited) |
| China | **50,366** | 51,485 |
| Others | **8** | 414 |
| | **50,374** | 51,899 |

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

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| Customer A | **20.04%** | 10.27% |
| Customer B | **14.92%** | 10.92% |
| Customer C | **11.48%** | * |
| Customer D | * | 14.68% |
| Total | **46.44%** | 35.87% |

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

## 5. Expenses by nature

Expenses included in cost of sales, R&D expenses, selling expenses and general and administrative expenses were analysed as follow:

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (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 |
| | **111,464** | 114,630 |

## 6. Income tax credit

| | Six months ended June 30, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (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 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 June 30, 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 January 1, 2008.

Suzhou Rainmed, the Group's major operating subsidiary in the PRC, has obtained the certification of High and New-Tech enterprises dated November 30, 2021, which is effective for three years commencing on January 1, 2021. Suzhou Rainmed is entitled to a preferential income tax rate of 15% on the estimated assessable profits for the six months ended June 30, 2023.

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 R&D activities are entitled to claim 175% of their eligible R&D 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 R&D 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.

**7. 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 June 30, 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 June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (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. For the six months ended June 30, 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 June 30, 2023 and 2022 are the same as basic loss per share.

**8. Bills receivables**

| | **As at June 30, 2023** ***RMB'000*** **(Unaudited)** | As at December 31, 2022 *RMB'000* (Audited) |
|---|---|---|
| Bank acceptance bills | **1,169** | 3,531 |

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

**9. Trade and other receivables**

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

*(a)* ***Trade receivables***

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

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

| | **As at June 30, 2023** *RMB'000* **(Unaudited)** | As at December 31, 2022 *RMB'000* (Audited) |
|---|---|---|
| Within 30 days | **2,865** | 43 |
| 30 days to 90 days | **842** | — |
| 91 days to 180 days | **447** | 105 |
| 181 days to 365 days | **1,105** | — |
| 1 year to 2 years | **833** | — |
| | **6,092** | 148 |

*(b)* ***Other receivables***

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

## 10. 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 June 30, 2023 and 2022.

## 11. Trade and other payables

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

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

| | **As at June 30, 2023** *RMB'000* **(Unaudited)** | As at December 31, 2022 *RMB'000* (Audited) |
|---|---|---|
| Within 1 year | **2,704** | 1,131 |

# 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 2024.

*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%.

We have a proven track record in commercializing our Core Products, caFFR System and caIMR 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 caIMR 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.

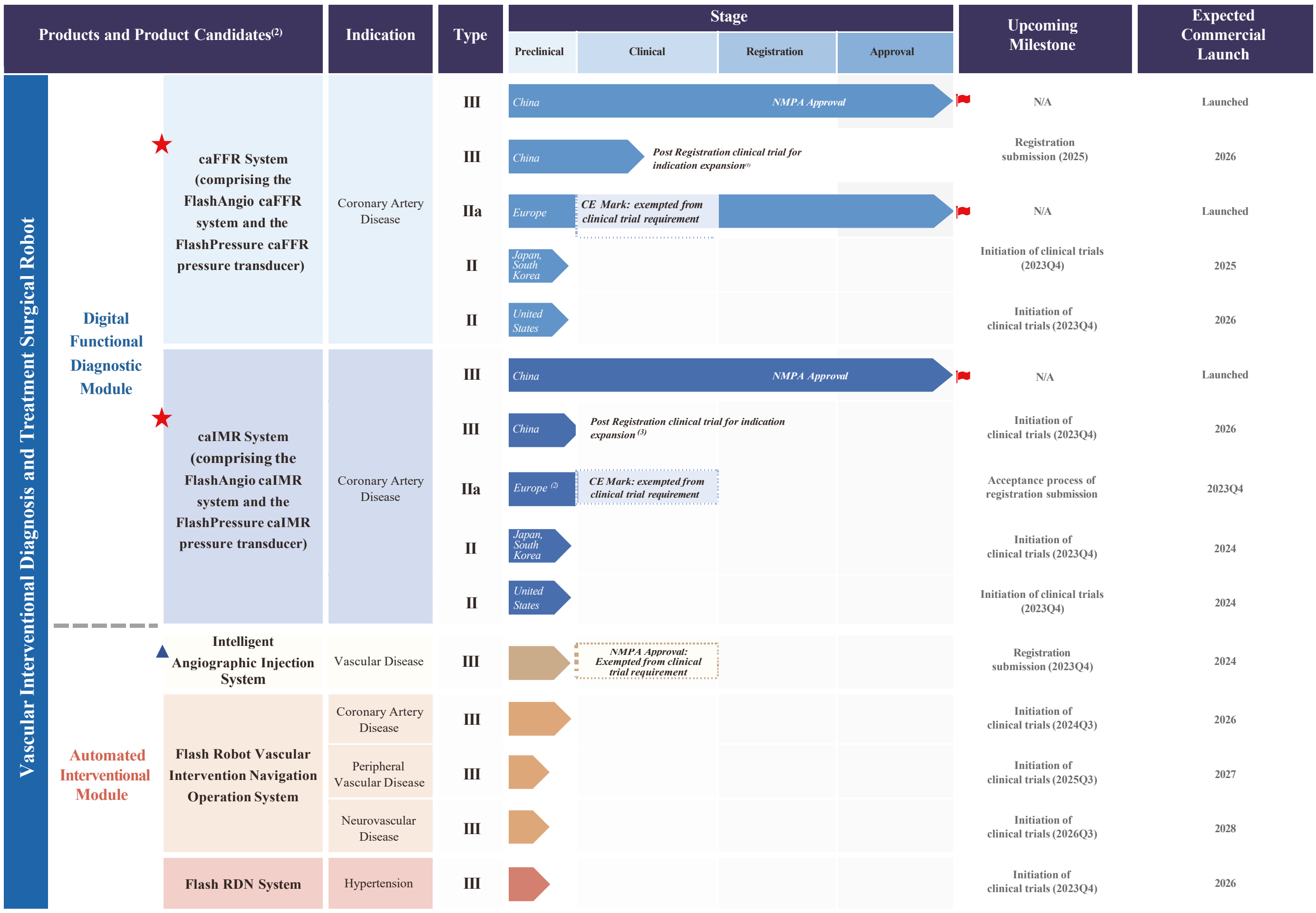
Our four R&D platforms include the medical imaging algorithm and application R&D platform, the fluid dynamics simulating calculation platform, the high-performance device R&D platform and the interventional consumables R&D platform. These platforms adhere to in-house development and innovation, capture 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 caIMR 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.

## Product and Pipeline




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

*Notes:*

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

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

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

## caFFR System

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

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

**caIMR System**

We 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.

**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.

# FINANCIAL REVIEW

## 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:

| | **Six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Sales of products | | |
| — Sales of FlashAngio caFFR system | **3,905** | 7,433 |
| — Sales of FlashPressure caFFR pressure transducer | **40,590** | 44,172 |
| — Sales of FlashAngio caIMR system | **2,873** | — |
| — Sales of IVD products | **2,567** | — |
| Installation and training services | **439** | 294 |
| **Total** | **50,374** | 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 R&D team; and (vi) depreciation and amortization charges. The following table sets forth a breakdown of our R&D expenses for the periods indicated:

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

**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:

| | **Six months ended June 30,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Employee benefit expenses | **22,556** | 17,622 |
| Marketing development expenses | **12,820** | 10,606 |
| Share-based payment expenses | **1,318** | 1,957 |
| Depreciation and amortization charges | **1,412** | 1,626 |
| Other expenses | **297** | 643 |
| **Total** | **38,403** | 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; and (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** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (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[note] | **6,759** | 4,189 |
| **Total** | **37,321** | 47,154 |

*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.

## 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 utilisation of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with the net proceeds from the Global Offering, our cash and cash equivalents on hand and cash generated from our operations.

For the six months ended June 30, 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 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.

**Charges 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.* (天津悦和康生物技術有限公司)**

On March 1, 2023 (after trading hours), Suzhou Rainmed entered into an investment agreement (the "**Investment Agreement**") with Tianjin Yuehekang Biotechnology Co., Ltd. (天津悦和康生物技術有限公司) (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).

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.

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.

## 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.

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 |
| **Total** | 100.0% | 78.6 | 78.6 | — | |

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

## 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).

## 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 announcement.

## 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.

## 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.

## 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 of the Company 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, 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 the accounting standards adopted by the Group and has discussed matters on audit, internal control, risk management and financial reporting.

## PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rainmed.com), and the 2023 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

# DEFINITIONS

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

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|---|---|
| "Audit Committee" | the audit committee of the Board |
| "Board of Directors" or "Board" | the board of Directors |
| "BVI" | the British Virgin Islands |
| "CAD" | coronary artery diseases, a condition where the major blood vessels supplying the heart are narrowed to reduce blood flow that can cause chest pain and shortness of breath |
| "caFFR" | coronary angiography-derived fractional flow reserve, a novel less-invasive index to determine the FFR in patients with stable or unstable angina |
| "CAG" | coronary angiography, a percutaneous procedure that uses contrast dye and X-ray images to detect coronary artery diseases |
| "caIMR" | coronary angiography-derived index of microvascular resistance, which is proposed for physiological assessment of microvascular diseases in coronary circulation |
| "CE Mark" | a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area |
| "CG Code" | the Corporate Governance Code as set out in Appendix 14 to the Listing Rules |
| "China" or "PRC" | the People's Republic of China, which for the purpose of this announcement and for geographical reference only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "Company" or "our Company" | Rainmed Medical Limited (潤邁德醫療有限公司), an exempted company with limited liability incorporated in the Cayman Islands on April 9, 2021 |
| "confirmatory clinical trial" | a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product |

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| "Core Product" | has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this announcement, refers to each of caFFR System and caIMR System |
| "CRO" | contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis |
| "Director(s)" | the director(s) of the Company |
| "FFR" | fractional flow reserve, a technique used in coronary catheterization to measure pressure differences across a coronary artery stenosis at maximal hyperemia to determine the likelihood that the stenosis impedes oxygen delivery to the heart muscle and diagnose myocardial ischemia |
| "Global Offering" | has the meaning as ascribed to it under the Prospectus |
| "GMP" | good manufacturing practice, the quality assurance that ensures that medical products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification |
| "Group", "our Group", "we", "us" or "our" | our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time |
| "HFpEF" | heart failure with preserved ejection fraction, a condition which occurs when the lower left chamber (left ventricle) is not able to fill properly with blood during the diastolic (filling) phase and the amount of blood pumped out to the body is less than normal |
| "HKFRS" | Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Accounting Standards Board |
| "Hong Kong dollars", "HKD" or "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "IMR" | index of microcirculatory resistance, the quantitative assessment of the minimum microcirculatory resistance in a target coronary arteriolar territory |
| "IVD" | in vitro diagnostic |

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| "KOL(s)" | key opinion leader(s), renowned physicians who are able to influence their peers' medical practice |
| "Listing Date" | the date, July 8, 2022, on which the Shares were listed and dealings in the Shares first commenced on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules |
| "NMPA" | National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局) |
| "NSTEMI" | non-ST segment elevation myocardial infarction, a heart attack that occurs without ST segment elevation on the electrocardiogram |
| "Over-allotment Option" | has the meaning as ascribed to it under the Prospectus |
| "PCI" | percutaneous coronary intervention, a percutaneous procedure to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue that does not involve open-chest surgery |
| "PCT" | the Patent Cooperation Treaty |
| "Preferred Shares" | has the meaning as ascribed to it under the Prospectus |
| "Pre-IPO Share Option Scheme" | the share option scheme adopted by our Company on December 10, 2021 |
| "Prospectus" | the prospectus of the Company dated June 27, 2022 in relation to the Global Offering |
| "R&D" | research and development |

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| "Reporting Period" | the six months ended June 30, 2023 |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "Share(s)" | ordinary share(s) with a par value of HK$0.0001 each in the share capital of the Company |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "SMO" | site management organization, an organization that provides clinical trial related services to medical device companies |
| "sq.m." | square meter, a unit of area |
| "STEMI" | ST segment elevation myocardial infarction, which occurs due to occlusion of one or more coronary arteries, causing transmural myocardial ischemia |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed thereto under the Listing Rules |
| "Suzhou Rainmed" | Suzhou Rainmed Medical Technology Co., Ltd. (蘇州潤邁德醫療科技有限公司), a limited liability company incorporated under the laws of PRC on December 5, 2016, being a wholly-owned subsidiary of our Company |
| "U.S. dollars", "US$" or "USD" | United States dollars, the lawful currency of the United States |
| "United States" or "U.S." | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "%" | per cent |

* *The English translation of Chinese names of entities included in this announcement is prepared for identification purpose only.*

By Order of the Board
**Rainmed Medical Limited**
**Huo Yunfei**
*Chairman of the Board and Executive Director*

Hong Kong, August 30, 2023

*As at the date of this announcement, the executive Directors of the Company are Mr. Huo Yunfei, Mr. Lyu Yonghui, Mr. Zhang Liang and Ms. Gu Yang, the non-executive Directors of the Company are Mr. Wang Lin and Mr. Heng Lei, and the independent non-executive Directors of the Company are Mr. Liu Shuen Kong, Mr. Li Ho Man and Mr. Chen Xuefeng.*