

RainMed

Rainmed Medical Limited
潤邁德醫療有限公司

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

Stock Code 股份代號：2297



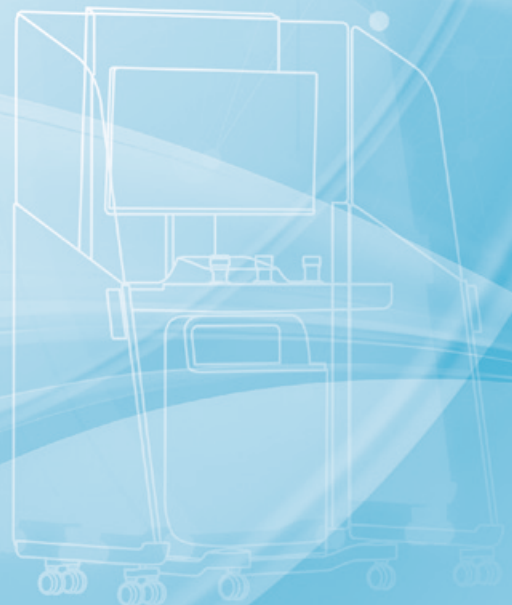
INTERIM REPORT

2024

中期報告

CONTENTS

2	Corporate Information
4	Financial Highlights
11	Management Discussion and Analysis
17	Corporate Governance and Other Information
28	Interim Condensed Consolidated Income Statement
29	Interim Condensed Consolidated Statement of Comprehensive Income
30	Interim Condensed Consolidated Balance Sheet
32	Interim Condensed Consolidated Statement of Changes in Equity
33	Interim Condensed Consolidated Statement of Cash Flows
34	Notes to the Interim Condensed Consolidated Financial Information
57	Definitions



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)*

(resigned on August 26, 2024)

Ms. Gu Yang (谷陽) *(Vice President)*

Non-Executive Directors

Mr. Wang Lin (王霖)

Mr. Heng Lei (衡磊)

Dr. Huo Yunlong (霍雲龍)

(appointed on August 26, 2024)

Independent Non-Executive Directors

Mr. Liu Shuen Kong (廖船江)

Mr. Li Ho Man (李浩民)

Mr. Chen Xuefeng (陳雪峰)

Audit Committee

Mr. Liu Shuen Kong *(Chairperson)*

Mr. Li Ho Man

Mr. Chen Xuefeng

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. Huo Yunfei (appointed on August 26, 2024)

Mr. Zhang Liang (resigned on August 26, 2024)

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

SHINEWING (HK) CPA Limited

Certified Public Accountants and Registered

Public Interest Entity Auditor

Registered Office

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

Headquarters 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 19–108, 19/F, Cityplaza Three
14 Taikoo Wan Road, Taikoo, 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 Bankers

China Merchants Bank Co., Ltd.
(Suzhou Dushuhu Branch)

China CITIC Bank Corporation Limited
(Suzhou Branch)

Bank of China (Hong Kong) Limited

Company Website

www.rainmed.com

Stock Code

2297

Listing Date

July 8, 2022

FINANCIAL HIGHLIGHTS

Revenue

Substantially all of our revenue was generated from the sales of our caFFR System and caIMR System since their commercialization. We sold substantially all of our products through our distributors for the six months ended June 30, 2024 and 2023. Our contracts with distributors include a component of installing our devices and providing 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,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of products		
– Sales of FlashAngio caFFR System	15	3,905
– Sales of FlashPressure caFFR pressure transducer	21,142	40,590
– Sales of FlashAngio caIMR System	1,731	2,873
– Sales of IVD products	3,672	2,567
Installation and training services	308	439
Total	26,868	50,374

Our revenue decreased by approximately 46.6% from RMB50.4 million for the six months ended June 30, 2023 to RMB26.9 million for the six months ended June 30, 2024, 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 49.9% from RMB37.3 million for the six months ended June 30, 2023 to RMB18.7 million for the six months ended June 30, 2024, primarily due to the decreased sales of our caFFR System. Our gross profit margin decreased from 74.0% for the six months ended June 30, 2023 to 69.5% for the same period in 2024, 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) testing expenses for our products; and (v) 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,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	9,034	12,974
Raw material costs	4,674	1,668
Professional service expenses	625	1,329
Clinical trial and testing expenses	1,892	3,702
Depreciation and amortization charges	1,766	1,594
Other expenses	478	1,350
Total	18,469	22,617

Our R&D expenses decreased from RMB22.6 million for the six months ended June 30, 2023 to RMB18.5 million for the six months ended June 30, 2024, representing approximately 18.3% year-on-year decrease over the same period in 2023. Such decrease was primarily due to (i) a decrease of RMB3.9 million in employee benefit expenses mainly as a result of the control of cost and expenses; and (ii) a decrease of RMB1.8 million in clinical trial and testing expenses as a result of the reduction in the amount of new R&D program.

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; and (iii) depreciation and amortization charges. The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses	20,204	23,874
Marketing development expenses	7,817	12,820
Depreciation and amortization charges	1,179	1,412
Other expenses	407	297
Total	29,607	38,403

Our selling expenses decreased from RMB38.4 million for the six months ended June 30, 2023 to RMB29.6 million for the six months ended June 30, 2024, representing approximately 22.9% year-on-year decrease over the same period in 2023. Such decrease was primarily due to (i) a decrease of RMB3.7 million in employee benefit expenses mainly as a result of the control of cost and expenses; and (ii) a decrease of RMB5.0 million in marketing development expenses as a result of shrinking of 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; and (iv) 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,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses	12,801	24,966
Depreciation and amortization charges	5,372	4,306
Professional service expenses	965	1,290
Other expenses ^{Note}	4,218	6,759
Total	23,356	37,321

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

Our general and administrative expenses decreased significantly from RMB37.3 million for the six months ended June 30, 2023 to RMB23.4 million for the six months ended June 30, 2024, representing approximately 37.4% year-on-year decrease over the same period in 2023. Such decrease was primarily due to a decrease of RMB12.2 million in employee benefit expenses mainly in relation to an decrease in salaries and our administrative employee headcount.

Other Income

Our other income increased from RMB1.5 million for the six months ended June 30, 2023 to RMB7.3 million for the six months ended June 30, 2024, primarily due to an increase in government grants related to costs, as a result of our receipt of one-off government grants in 2024.

Income Tax (Expenses)/Credit

Our income tax increased from RMB0.5 million (credit) for the six months ended June 30, 2023 to RMB0.3 million (expenses) for the six months ended June 30, 2024, primarily due to the profit generated from a subsidiary as a result of interest income.

Financial Highlights (Continued)

Loss for the Period

For the reasons described above, we recorded a loss of RMB42.7 million for the six months ended June 30, 2024, compared with a loss of RMB48.0 million for the six months ended June 30, 2023.

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, 2024, our net cash used in operating activities was RMB41.2 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, 2024, our net cash generated from investing activities was RMB20.1 million, primarily attributable to proceeds from disposal of short-term bank deposits of RMB70.3 million, which was partially offset by purchase of short-term bank deposits, purchase of property, plant and equipment and purchase of intangible assets of RMB35.1 million, RMB6.7 million and RMB9.4 million, respectively.

For the six months ended June 30, 2024, our net cash generated from financing activities was RMB6.0 million, primarily attributable to proceeds from bank borrowings of RMB9.9 million, which was partially offset by lease payment of RMB3.5 million.

As at June 30, 2024, our cash and cash equivalents amounted to RMB117.9 million, representing a decrease of RMB16.2 million from RMB134.1 million as at December 31, 2023. Our net current assets decreased from RMB328.2 million as at December 31, 2023 to RMB215.7 million as at June 30, 2024, primarily attributable to the decrease in bank deposits with maturity over three months.

As at June 30, 2024, 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, 2024, our outstanding balance of borrowings was RMB25.5 million. We had unutilized bank facilities of RMB480.1 million.

Our lease liabilities increased from RMB4.4 million as at December 31, 2023 to RMB9.7 million as at June 30, 2024, primarily attributable to lease payments.

Capital Commitments

As at June 30, 2024, we had capital commitments contracted but not provided for of RMB283.7 million in relation to the purchase of construction and service for the Group's industrial park.

Charges on Assets

As at June 30, 2024, the Group had no pledge of assets (for the six months ended June 30, 2023: nil).

Contingent Liabilities

As at June 30, 2024, we did not have any material contingent liabilities (for the six months ended June 30, 2023: nil).

Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, we did not hold any significant investments nor conduct any material acquisitions and disposals of subsidiaries, associates or joint ventures.

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.

Financial Highlights (Continued)

Human Resources

As of June 30, 2024, the Group employed 266 full-time employees, most 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 RMB45.6 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. Zhang Liang (張亮) has resigned as an executive Director, chief financial officer and authorized representative of the Company (the "**Authorized Representative**") under Rule 3.05 of the Listing Rules with effect from August 26, 2024 due to his intention to pursue with his other commitments and the need to devote more time for his family. Dr. Huo Yunlong (霍雲龍) has been appointed as a non-executive Director with effect from August 26, 2024. Mr. Huo Yunfei (霍雲飛), the chairman of the Board, an executive Director and the chief executive officer of the Company, has been appointed as an Authorized Representative, with effect from August 26, 2024. Please refer to the Company's announcement dated August 26, 2024 for further details.

Save as disclosed above, there is no material subsequent event undertaken by the Group from June 30, 2024 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 caFFR System, caIMR System and IVD. 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 approvals from NMPA and several other countries. 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. 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, combined with other related products of the Group, we aim to launch our vascular interventional surgical robot, 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.

In March 2023, the Group acquired 68.32% equity interests of Tianjin Yuehekang Biotechnology Co., Ltd.* (天津悅和康生物技術有限公司) (“**Tianjin Yuehekang**”), which became an indirect subsidiary of the Company. Tianjin Yuehekang is a diversified high-tech enterprise engaging in the research and development, production and marketing of in vitro diagnostic products. Its principal business is in the field of biochemical in vitro diagnostic reagents. It currently has obtained 85 Class II registration certificates for biochemical diagnostic reagent products and corresponding production licenses, covering major diagnostic categories such as liver function, kidney function, blood lipids, and cardiac muscle, and has a wider coverage of products, in particular a series of innovative precision diagnostic products for cardiovascular IVD such as “coagulation” and “peptide” that are under R&D. The precision diagnostic products of the Group will expand from “covering all procedures of the surgery” to “check-up upon hospitalization” and “bedside check-up”, further improving the Group’s product layout.

Management Discussion and Analysis (Continued)

Commercialization

During the first half of 2024 with a volatile market environment, we kept on expanding the market channels of our caFFR System, calMR System and IVD in the industry, and have achieved steady results, which strengthen our competitive advantages in the FFR field and IMR field. Our revenue decreased from RMB50.4 million for the six months ended June 30, 2023 to RMB26.9 million for the six months ended June 30, 2024, substantially all of which were generated from the sales of our caFFR System and calMR System, representing a year-on-year decrease of approximately 46.6%.

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 (葛均波) and Dr. Huo Yong (霍勇), physicians and medical associations, as a part of our academic promotion and marketing strategy. As of June 30, 2024, our efficient and highly experienced sales team have established an extensive distribution network comprising 185 domestic distributors who are authorized by us to cover over 350 hospitals across 21 provinces, four autonomous regions and four municipal cities in China. With our effective and extensive sales and marketing activities, as of June 30, 2024, our Core Products had been sold to and installed in over 700 hospitals and had been performed at over 1,400 hospitals in China, and we had completed the procurement approval procedure with over 700 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 24 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 (劉廣志), our chief technology officer, who has over ten years of experience in medical device development and over 17 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, 2024, we had (i) 193 approved patents, including 172 approved in China, 5 approved in the U.S. and 16 approved in Japan; (ii) 118 pending patent applications, including 87 in China and 31 overseas; (iii) 9 active PCT patent applications; (iv) 300 registered trademarks; and (v) 15 registered software copyrights.

Manufacturing

Our commercialization efforts are well supported by our growing manufacturing capability. As of June 30, 2024, we had three manufacturing sites, two of which were located in Suzhou, Jiangsu Province, China, and one was located in Tianjin, China, with a production base area of approximately 7,962 sq.m. Our principal manufacturing facilities are in compliance with the GMP for medical devices in China. 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) and over 80 types of IVD products 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.

Management Discussion and Analysis (Continued)

Product and Pipeline

Products and Product Candidates ⁽²⁾	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) ★ caIMR System (comprising the FlashAngio caIMR System and the FlashPressure caIMR pressure transducer)	Coronary Artery Disease	III	China	NMPA Approval			N/A	Launched
		III	China	Post Registration clinical trial for Indication expansion ⁽¹⁾			Application for registration	2026
		IIa	Europe	CE Mark: exempted from clinical trial requirement			N/A	Launched
		II	Japan, South Korea				Plan for admission in South Korea (2024Q2)	2025
		II	United States				Paused in September 2023	—
	Coronary Artery Disease	III	China	NMPA Approval			N/A	Launched
		III	China	Post Registration clinical trial for indication expansion ⁽¹⁾			Initiation of clinical trials (2024Q4)	2026
		IIa	Europe ⁽²⁾	CE Mark: exempted from clinical trial requirement			Acceptance process of registration submission	2024Q2
		II	Japan, South Korea				Plan for admission in South Korea (2024Q2)	2025
		II	United States				Paused in September 2023	—
Automated Interventional Module ▲ Intelligent Angiographic Injection System Flash Robot Vascular Intervention Navigation Operation System Flash RDN System	Vascular Disease	III		NMPA Approval: Exempted from clinical trial requirement			Discontinued	—
	Coronary Artery Disease	III					Initiation of registration inspection (2024Q3)	2026
	Peripheral Vascular Disease	III					Initiation of clinical trials (2026Q3)	2027
	Neurovascular Disease	III					Initiation of clinical trials (2026Q3)	2027
	Hypertension	III					Discontinued	—

★ 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 from 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 HFrEF.

calMR System

We have completed our calMR System and obtained NMPA approval. Our calMR System is a Class III medical device under the classification criteria of the NMPA, and such system 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. 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 calMR 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 calMR System indicated a diagnostic accuracy of 93.8%, sensitivity of 95.1%, and specificity of 93.1%. We obtained NMPA and ANVISA approvals for commercialization of our calMR System in April 2023 and January 2024, respectively.

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. Robot-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 patient's blood vessels and further perform the operation. As of June 30, 2024, the Flash Robot Vascular Intervention Navigation Operation System was at its research improvement stage. In February 2022, our Flash Robot Vascular Intervention Navigation Operation System entered into the animal study stage and successfully passed the first animal sample trial.

Management Discussion and Analysis (Continued)

IVD Products

Our IVD product business is in the field of biochemical in vitro diagnostic reagents. We currently have obtained 85 Class II registration certificates for biochemical diagnostic reagent products and corresponding production licenses, covering major diagnostic categories such as liver function, kidney function, blood lipids, and cardiac muscle, with a wide range of products. Currently, a series of innovative precision diagnostic products for cardiovascular IVD such as “coagulation” and “peptide” are under R&D, further improving the Group’s product layout.

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

Outlook and Prospect

Since the beginning of this year, the compliance of medical devices has become stricter and the market was full of uncertainties. We have made more arduous efforts than before, and still achieved considerable results. Our core product calMR system successfully obtained the approvals for commercialization from the NMPA and the ANVISA, and we entered into the in vitro diagnostic field through the acquisition of Tianjin Yuehekang. 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, expand the coverage and enhance market strengths of IVD products, actively develop overseas markets, and further penetrate the market in Mainland China, with an effort to achieve healthy growth and high-quality development throughout 2024.

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 C1 to the Listing Rules.

For the six months ended June 30, 2024, 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 three non-executive Directors, three independent non-executive Directors and three 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 C3 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, 2024.

Corporate Governance and Other Information (Continued)

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

Audit Committee

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

The Audit Committee, together with the management, has reviewed the condensed interim financial information of the Group for the six months ended June 30, 2024, 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.

Changes in Information of the Directors

Name of Director	Change
Mr. Zhang Liang	Mr. Zhang Liang resigned as an executive Director, chief financial officer and Authorized Representative with effect from August 26, 2024.
Dr. Huo Yunlong	Dr. Huo Yunlong was appointed as a non-executive Director with effect from August 26, 2024.
Mr. Huo Yunfei	Mr. Huo has been appointed as an Authorized Representative with effect from August 26, 2024.

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, 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of June 30, 2024, there was no treasury shares held by the Company.

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

As at June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares/ Underlying Shares	Approximate Percentage of Shareholding in the Company ⁽⁹⁾ (%)	Long Position/ Short Position/ Interest in a Lending Pool
Mr. Huo Yunfei	Founder of a discretionary trust ⁽¹⁾	214,749,000	18.39	Long position
	Beneficial owner ⁽²⁾	2,996,400	0.26	Long position
	Beneficial owner	988,000	0.08	Long position
Mr. Lyu Yonghui	Interest in controlled corporations ⁽³⁾	30,937,000	2.65	Long position
	Beneficial owner ⁽⁴⁾	1,350,000	0.12	Long position
Mr. Zhang Liang	Interest in controlled corporations ⁽⁵⁾	4,420,000	0.38	Long position
	Beneficial owner ⁽⁶⁾	1,800,000	0.15	Long position
Ms. Gu Yang	Interest in controlled corporations ⁽⁷⁾	5,364,000	0.46	Long position
	Beneficial owner ⁽⁸⁾	1,050,000	0.09	Long position

Notes:

- (1) Mr. Huo Yunfei is the settlor and beneficiary of the Opera Rose Trust (a discretionary trust established by Mr. Huo on August 12, 2021), for which The Core Trust Company Limited acts as the trustee, which holds the entire interest in Dawning Sky Limited, which in turn holds 99.9% interest in Opera Rose Limited. As such, Mr. Huo is deemed to be interested in the Shares held by Opera Rose Limited under the SFO.
- (2) These Shares represent Mr. Huo Yunfei's entitlement to receive up to 2,996,400 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.
- (3) Mr. Lyu Yonghui is the sole shareholder of Mingze. Limited. As such, he is deemed to be interested in the Shares held by Mingze. Limited.
- (4) These Shares represent Mr. Lyu Yonghui's entitlement to receive up to 1,350,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.
- (5) Mr. Zhang Liang is the sole shareholder of ANC HK LIMITED. As such, he is deemed to be interested in the Shares held by ANC HK LIMITED.
- (6) These Shares represent Mr. Zhang Liang's entitlement to receive up to 1,800,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

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, 2024.

Saved as disclosed above, as at June 30, 2024, 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, 2024, so far as the Directors are aware, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company ⁽⁸⁾ (%)	Long Position/ Short Position/ Interest in a Lending Pool
Opera Rose Limited ⁽¹⁾	Beneficial owner	214,749,000	18.39	Long Position
Dawning Sky Limited ⁽¹⁾	Nominee for another person	214,749,000	18.39	Long Position
Vermilion Bird Limited ⁽²⁾	Beneficial owner	159,934,000	13.70	Long Position
Glowing Fame Limited ⁽²⁾	Nominee for another person	159,934,000	13.70	Long Position
Dr. Huo Yunlong ⁽²⁾	Founder of a discretionary trust	159,934,000	13.70	Long Position
TCT (BVI) Limited	Interest in controlled corporations ⁽¹⁾	214,749,000	18.39	Long Position
	Interest in controlled corporations ⁽²⁾	159,934,000	13.70	Long Position
The Core Trust Company Limited	Trustee ⁽¹⁾	214,749,000	18.39	Long Position
("Core Trust")	Trustee ⁽²⁾	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 ⁽⁸⁾ (%)	Long Position/ Short Position/ Interest in a Lending Pool
Shanghai Tongxiang Haoqian Enterprise Management Partnership (Limited Partnership) (上海同襄灑乾企業管理合夥企業(有限合夥)) (“ Tongxiang Haoqian ”) ⁽³⁾	Beneficial owner	100,142,000	8.58	Long Position
Xinyu Tongchuang Investment Management Co., Ltd. (新余同創精選投資管理有限公司) ⁽³⁾	Interest in controlled corporations	100,142,000	8.58	Long Position
Shenzhen Futian Tongchuang Weiye Dajiankang Industry Investment Fund Partnership (Limited Partnership) (深圳福田同創偉業大健康產業投資基金合夥企業(有限合夥)) ⁽³⁾	Interest in controlled corporations	100,142,000	8.58	Long Position
Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) (“ Cowin ”) ⁽³⁾	Interest in controlled corporations	129,606,000	11.10	Long Position
Shenzhen Cowin Venture Capital Investments Co., Ltd. (深圳市同創偉業創業投資有限公司) ⁽³⁾	Interest in controlled corporations	129,606,000	11.10	Long Position
Ms. Huang Li (黃荔) ⁽³⁾	Interest in controlled corporations	129,606,000	11.10	Long Position
Guangzhou Ping An Consumer Equity Investment Partnership (Limited Partnership) (廣州市平安消費股權投資合夥企業(有限合夥)) (“ Ping An Investment ”) ⁽⁴⁾	Beneficial owner	72,000,000	6.17	Long Position
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) (“ Ping An Group ”) ⁽⁴⁾	Interest in controlled corporations	120,000,000	10.28	Long Position
Ping An Capital Co., Ltd. (平安資本有限責任公司) (“ Ping An Capital ”) ⁽⁴⁾	Interest in controlled corporations	120,000,000	10.28	Long Position
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) (“ Ping An Yuanxin ”) ⁽⁴⁾	Interest in controlled corporations	120,000,000	10.28	Long Position

Corporate Governance and Other Information (Continued)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company ⁽⁸⁾ (%)	Long Position/ Short Position/ Interest in a Lending Pool
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) ("Ping An Financial Technology") ⁽⁴⁾	Interest in controlled corporations	120,000,000	10.28	Long Position
Mr. Zhou Bin ⁽⁵⁾	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") ⁽⁶⁾	Beneficial owner	59,801,000	5.12	Long Position
Ms. Zhan Xi (詹曦) ⁽⁶⁾	Interest in controlled corporations	59,801,000	5.12	Long Position
Mr. Liu Lirui (劉力睿) ⁽⁶⁾	Interest in controlled corporations	59,801,000	5.12	Long Position
Shanghai Jingmairun Enterprise Management Center (L.P.) (上海景邁潤企業管理中心(有限合夥)) ("Shanghai Jingmairun") ⁽⁷⁾	Beneficial owner	58,927,000	5.05	Long Position
Shenzhen Jinghui Equity Investment Management Partnership (Limited Partnership) (深圳景輝股權投資管理合夥企業(有限合夥)) ("Shenzhen Jinghui Equity") ⁽⁷⁾	Interest in controlled corporations	58,927,000	5.05	Long Position
Gongqingcheng 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") ⁽⁷⁾	Interest in controlled corporations	58,927,000	5.05	Long Position
Gongqingcheng Jingchengyu Investment Management Partnership (limited Partnership) (共青城景成域投資管理合夥企業(有限合夥)) ("Jingchengyu Investment") ⁽⁷⁾	Interest in controlled corporations	58,927,000	5.05	Long Position
Mr. Tang Hua (唐華) ⁽⁷⁾	Interest in controlled corporations	58,927,000	5.05	Long Position
Greenwoods Capital Management Co., Ltd. (景林資本管理有限公司) ("Greenwoods Capital") ⁽⁷⁾	Interest in controlled corporations	58,927,000	5.05	Long Position

Corporate Governance and Other Information (Continued)

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

Notes:

- (1) Opera Rose Limited is owned as to 99.9% by Dawning Sky Limited and 0.1% by Mr. Huo Yunfei (through Rainmed01 Limited), respectively. The sole shareholder of Dawning Sky Limited is TCT (BVI) Limited which in turn is wholly owned by the Core Trust, being the trustee of the Opera Rose Trust, a discretionary trust established by Mr. Huo as the settlor and beneficiary on August 12, 2021. As such, each of Opera Rose Limited, Dawning Sky Limited, TCT (BVI) Limited, Core Trust and Mr. Huo is deemed to be interested in the Shares held by Opera Rose Limited under the SFO.
- (2) Vermilion Bird Limited is owned as to 99.9% by Glowing Fame Limited and 0.1% by Dr. Huo Yunlong (through Hyljrkcn888 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.

Corporate Governance and Other Information (Continued)

- (3) Tongxiang Haoqian is a limited partner established in China. Xinyu Tongchuang Investment Management Co., Ltd. (新余同創精選投資管理有限公司) is the general partner of Tongxiang Haoqian and is wholly-owned by Cowin, a company listed on National Equities Exchange and Quotations (832793.NEEQ). Shenzhen Cowin Jinxiu Asset Management Co., Ltd. (深圳同創錦繡資產管理有限公司) is the general partner of Xinyu Tongchuang Guosheng Technology Innovation Industry Investment Partnership (limited Partnership) (新余市同創國盛科創產業投資合夥企業(有限合夥)) ("**Tongchuang Guosheng**") and is also wholly-owned by Cowin. As of June 30, 2024, 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 Jiaying Pinghui Lihai Equity Investment Partnership (Limited Partnership) (嘉興平匯利海股權投資合夥企業(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))) ("**Pinghui Lihai**"). 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 Pinghui Lihai 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, 2024, 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, 2024, 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, 2024, 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, 2024.

Saved as disclosed above, as at June 30, 2024, 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, 2024	Number of Shares underlying the options				Number of Shares underlying the outstanding options as of June 30, 2024	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 ^{Note 2)}	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
91 other option holders which are our employees (other than Directors, chief executive, substantial shareholders of the Company or associates of the aforementioned persons) ^{Note 3)}	Various positions at the Group	December 10, 2021	Please refer to the Note (1) below	14,277,500	-	-	660,250	-	12,975,000	HK\$3.90	From December 10, 2021 to December 10, 2031

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) 12 out of the 101 employees left the Group during the six months ended June 30, 2024 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, 2024, the outstanding share options under the Pre-IPO Share Option Scheme is 30,718,900. For the six months ended June 30, 2024, 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

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	26,868	50,374
Cost of sales	7	(8,215)	(13,123)
Gross profit		18,653	37,251
Research and development expenses	7	(18,469)	(22,617)
Selling expenses	7	(29,607)	(38,403)
General and administrative expenses	7	(23,356)	(37,321)
Net impairment losses on financial assets		(250)	(57)
Other income	8	7,250	1,486
Other gains – net	9	1,113	4,313
Operating loss		(44,666)	(55,348)
Finance income		2,677	7,540
Finance costs		(453)	(706)
Finance income – net		2,224	6,834
Loss before income tax		(42,442)	(48,514)
Income tax (expenses)/credit	10	(286)	499
Loss for the period		(42,728)	(48,015)
Loss attributable to:			
Shareholders of the Company		(41,646)	(47,479)
Non-controlling interests		(1,082)	(536)
		(42,728)	(48,015)
Losses per share for the period attributable to the shareholders of the Company			
– Basic and diluted losses per share (RMB)	11	(0.04)	(0.04)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(42,728)	(48,015)
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss</i>		
Exchange differences arising from translation of the Company	2,910	12,371
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences arising from translation of subsidiaries of the Company	(1,303)	(3,926)
Other comprehensive income for the period, net of tax	1,607	8,445
Total comprehensive loss for the period	(41,121)	(39,570)
Total comprehensive loss attributable to:		
Shareholders of the Company	(40,039)	(39,034)
Non-controlling interests	(1,082)	(536)
	(41,121)	(39,570)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	175,802	109,117
Intangible assets	13	48,504	41,551
Right-of-use assets	14	14,411	8,534
Goodwill		12,591	12,591
Deferred income tax assets		24,626	24,630
Other receivables	15	566	2,453
Prepayments	16	20	5,217
		276,520	204,093
Current assets			
Inventories		10,510	9,786
Trade and other receivables	15	17,698	10,350
Prepayments	16	8,336	13,797
Financial assets at fair value through profit or loss ("FVTPL")	17	137,567	135,647
Bank deposits with the maturity over three months	18	32,226	65,550
Cash and cash equivalents	18	117,937	134,085
		324,274	369,215
Total assets		600,794	573,308
EQUITY			
Share capital and share premium	19	2,786,929	2,786,929
Accumulated losses		(2,377,033)	(2,335,387)
Other reserves		66,480	63,507
Equity attributable to the shareholders of the Company		476,376	515,049
Non-controlling interests		3,881	4,963
Total equity		480,257	520,012

Interim Condensed Consolidated Balance Sheet (Continued)

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	22	7,785	11,678
Lease liabilities	23	3,960	367
Deferred income tax liabilities		249	269
		11,994	12,314
Current liabilities			
Borrowings	22	17,686	3,893
Trade and other payables	24	80,470	29,029
Contract liabilities	6	4,309	3,984
Current income tax liabilities		299	13
Lease liabilities	23	5,779	4,063
		108,543	40,982
Total liabilities		120,537	53,296
Total equity and liabilities		600,794	573,308
Net current assets		215,731	328,233

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

Huo Yunfei
 Director

Dr. Huo Yunlong
 Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to shareholders of the Company					Non-controlling interests	Total
	Share capital and premium	Accumulated losses	Other reserves	Subtotal			
	RMB'000 (Note 19)	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2024 (Audited)	2,786,929	(2,335,387)	63,507	515,049	4,963	520,012	
Loss for the period	–	(41,646)	–	(41,646)	(1,082)	(42,728)	
Other comprehensive income	–	–	1,607	1,607	–	1,607	
Total comprehensive loss	–	(41,646)	1,607	(40,039)	(1,082)	(41,121)	
Transactions with shareholders and investors							
Share-based compensation expenses	20	–	–	1,366	–	1,366	
Total transactions with shareholders and investors		–	–	1,366	–	1,366	
Balance at 30 June 2024 (Unaudited)		2,786,929	(2,377,033)	66,480	476,376	3,881	480,257

Note	Attributable to shareholders of the Company					Non-controlling interests	Total
	Share capital and premium	Accumulated losses	Other reserves	Subtotal			
	RMB'000 (Note 19)	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2023	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	
Total comprehensive loss	–	(47,479)	8,445	(39,034)	(536)	(39,570)	
Transactions with shareholders and investors							
Business combination		–	–	–	6,199	6,199	
Share-based compensation expenses	20	–	–	5,388	–	5,388	
Total transactions with shareholders and investors		–	–	5,388	6,199	11,587	
Balance at 30 June 2023 (unaudited)		2,786,929	(2,267,036)	65,097	584,990	5,663	590,653

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

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(42,618)	(61,101)
Interest received		1,442	863
Income tax paid		(16)	2
Net cash used in operating activities		(41,192)	(60,236)
Cash flows from investing activities			
Purchase of short-term bank deposits		(35,151)	(187,871)
Purchase of intangible assets		(9,445)	(11,609)
Purchase of property, plant and equipment		(6,710)	(50,120)
Proceeds from disposal of short-term bank deposits		70,311	339,879
Interest received from short-term investments		1,079	4,827
Purchase of financial assets at FVTPL		–	(130,221)
Acquisition of a subsidiary		–	(13,887)
Loans to a related party		–	(4,000)
Proceeds from disposal of financial assets at FVTPL		–	131,412
Repayments from third parties		–	4,000
Repayments from a related party		–	2,000
Net cash generated from investing activities		20,084	84,410
Cash flows from financing activities			
Proceeds from bank borrowings		9,900	30,570
Payments of lease liabilities		(3,535)	(8,490)
Interests paid		(365)	(465)
Repayments of bank borrowings		–	(18,250)
Net cash generated from financing activities		6,000	3,365
Net (decrease)/increase in cash and cash equivalents		(15,108)	27,539
Cash and cash equivalents at beginning of the period		134,085	91,118
Exchange differences on cash and cash equivalents		(1,040)	4,290
Cash and cash equivalents at end of the period	18	117,937	122,947

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

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 instruments 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 is presented in RMB, unless otherwise stated, which has been approved for issue on August 30, 2024.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 2024 (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 year ended December 31, 2023 which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA as set out in the 2023 annual report of the Company dated March 28, 2024.

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 year ended December 31, 2023, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the 2023 Financial Statements, except as described below:

3 Accounting policies (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning January 1, 2024:

Amendments to HKFRS 16	Lease liability in Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the Related Amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

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 2023 Financial Statements.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

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 2023 Financial Statements.

There have been no changes in the risk management policies since 31 December 2023.

(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.

	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 30 June 2024 (unaudited)					
Trade and other payables (excluding other tax payables)	75,888	–	–	75,888	75,888
Borrowings (including interest payables)	18,559	8,081	–	26,640	25,471
Lease liabilities (including interest payables)	6,129	4,077	–	10,206	9,739
	100,576	12,158	–	112,734	111,098
As at 31 December 2023 (audited)					
Trade and other payables (excluding other tax payables)	24,777	–	–	24,777	24,777
Borrowings (including interest payables)	4,484	8,229	3,966	16,679	15,571
Lease liabilities (including interest payables)	4,158	377	–	4,535	4,430
	33,419	8,606	3,966	45,991	44,778

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 2024 (for the six months ended 30 June 2023: 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 2024 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 2024 and 31 December 2023:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets		
– Financial assets at FVTPL (Note 17)	137,567	135,647

During the six months ended 30 June 2024, the Group's financial assets at FVTPL represented wealth management products denominated in United States Dollars ("USD"). As these instruments were not traded in an 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 instruments related to caFFR system, calMR 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 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Timing of revenue recognition		
At a point in time:		
– Sales of products	26,560	49,935
Over time:		
– Installation and training services	308	439
	26,868	50,374

6 Segment and revenue information (Continued)

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contract liabilities:		
– Consideration for sales of goods	2,242	1,783
– Consideration for installation and training services	2,067	2,201
	4,309	3,984

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 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue recognized that was included in the balance of contract liabilities at the beginning of the period:		
– Sales of goods	466	719
– Installation and training services	232	335
	698	1,054

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	
	2024 RMB'000 Revenue (Unaudited)	2023 RMB'000 Revenue (Unaudited)
China	26,497	50,366
Others	371	8
	26,868	50,374

As at June 30, 2024 and December 31, 2023, all of the non-current assets of the Group were 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, 2024 and 2023 are listed as below:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Customer A	32.81%	*
Customer B	12.53%	20.04%
Customer C	*	14.92%
Customer D	*	11.48%
Total	45.34%	46.44%

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

7 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 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses	45,550	65,347
Professional services	2,391	2,710
Depreciation and amortisation charges	11,481	9,371
Raw material costs	7,526	10,944
Changes in inventories of finished goods and work in progress	(261)	(619)
Travelling expenses	3,347	4,288
Promotion and hospitality expenses	4,422	9,082
Short-term lease expenses	341	483
Clinical trial and testing expenses	1,892	3,702
Utilities	569	488
Auditor's remuneration	387	916
Tax surcharges	467	514
Other expenses	1,535	4,238
	79,647	111,464

8 Other income

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants related to costs	7,250	1,486

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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net foreign exchange gains	248	2,959
Losses on disposals of property, plant and equipment	(20)	(4)
Fair value change in financial assets at FVTPL	952	1,677
Others	(67)	(319)
	1,113	4,313

10 Income tax (expenses)/credit

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax		
Current income tax charge	(302)	–
Deferred income tax	16	499
Income tax (expenses)/credit	(286)	499

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, 2024 and 2023.

10 Income tax (expenses)/credit (Continued)

(c) Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC (the “EIT Law”) and the Implementation Rules of the EIT Law, the enterprise income tax is unified at 25% for all types of entities, effective from 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, 2024.

No provision for Mainland China income 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 Taxation Administration of the PRC that have 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 Taxation Administration 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 June 30, 2024 and 2023, 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	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to shareholders of the Company (RMB’000)	(41,646)	(47,479)
Weighted average number of ordinary shares in issue (thousand)	1,167,799	1,167,799
Basic loss per share (in RMB/share)	(0.04)	(0.04)

Notes to the Interim Condensed Consolidated Financial Information (Continued)

11 Loss per share (Continued)

(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 2024 and 2023 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 2024 and 2023 are the same as basic loss per share.

12 Property, plant and equipment

	Equipment and instruments RMB'000	Office equipment and furniture RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2023 (audited)						
Cost	4,057	16,269	130	38,335	81,556	140,347
Accumulated depreciation	(2,559)	(4,118)	(76)	(24,477)	–	(31,230)
Net book amount	1,498	12,151	54	13,858	81,556	109,117
Six months ended 30 June 2024 (unaudited)						
Opening net book amount	1,498	12,151	54	13,858	81,556	109,117
Additions	2	528	–	–	72,373	72,903
Disposals	(1)	(19)	–	–	–	(20)
Transfers	–	–	–	114	(114)	–
Depreciation charge	(496)	(1,509)	(12)	(4,181)	–	(6,198)
Closing net book amount	1,003	11,151	42	9,791	153,815	175,802
At 30 June 2024 (unaudited)						
Cost	4,052	16,762	130	38,449	153,815	213,208
Accumulated depreciation	(3,049)	(5,611)	(88)	(28,658)	–	(37,406)
Net book amount	1,003	11,151	42	9,791	153,815	175,802

13 Intangible assets

	Software RMB'000	Capitalised development costs RMB'000	Customer relationship RMB'000	Technology RMB'000	Total RMB'000
At 31 December 2023 (audited)					
Cost	1,804	38,430	3,000	2,900	46,134
Accumulated amortisation	(799)	(3,248)	(225)	(311)	(4,583)
Net book amount	1,005	35,182	2,775	2,589	41,551
Six months ended 30 June 2024 (unaudited)					
Opening net book amount	1,005	35,182	2,775	2,589	41,551
Additions	–	9,847	–	–	9,847
Amortisation charge	(304)	(2,233)	(150)	(207)	(2,894)
Closing net book amount	701	42,796	2,625	2,382	48,504
At 30 June 2024 (unaudited)					
Cost	1,804	48,277	3,000	2,900	55,981
Accumulated amortisation	(1,103)	(5,481)	(375)	(518)	(7,477)
Net book amount	701	42,796	2,625	2,382	48,504

During the six months ended 30 June 2024, development costs amounted to approximately RMB9,847,000 (six months ended 30 June 2023: RMB12,238,000) have been capitalised and research and development expenses amounted to approximately RMB18,469,000 (six months ended 30 June 2023: RMB22,617,000) were expensed when incurred.

No impairment test has been performed during the six months ended 30 June 2024 since there is no event or change in circumstances indicates 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:

	Total RMB'000
At 31 December 2023 (audited)	
Cost	23,966
Accumulated depreciation	(15,432)
Net book amount	8,534
Six months ended 30 June 2024 (unaudited)	
Opening net book amount	8,534
Additions	8,755
Depreciation charge	(2,878)
Closing net book amount	14,411
At 30 June 2024 (unaudited)	
Cost	32,568
Accumulated depreciation	(18,157)
Net book amount	14,411

15 Trade and other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables (a)	7,831	3,691
Other receivables (b)	10,433	9,112
Less: non-current portion	(566)	(2,453)
Trade and other receivables – net	17,698	10,350

15 Trade and other receivables (Continued)**(a) Trade receivables**

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	8,181	4,093
Less: provision for impairment	(350)	(402)
Trade receivables – net	7,831	3,691

As at 30 June 2024, the gross amount of trade receivables arising from contracts with customers amounted to RMB8,181,000 (31 December 2023: RMB4,093,000).

The credit period for trade receivables was generally 60 to 180 days from the invoice date during the period. The ageing analysis of trade receivables based on the invoice date is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 30 days	3,926	1,888
30 days to 90 days	2,432	377
91 days to 180 days	312	384
181 days to 365 days	1,368	1,444
1 year to 2 years	143	–
	8,181	4,093

Notes to the Interim Condensed Consolidated Financial Information (Continued)

15 Trade and other receivables (Continued)

(b) Other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Loans to employees	517	–
Deposits	1,732	3,251
Value-added tax recoverable	6,422	4,838
Others	1,798	1,055
	10,469	9,144
Less: provision for impairment of other receivables	(36)	(32)
Other receivables – net	10,433	9,112
Less: non-current portion	(566)	(2,453)
	9,867	6,659

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

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

16 Prepayments

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments		
Prepayments for purchase of services	6,290	11,120
Prepayments for purchase of equipment	–	5,217
Prepayments for purchase of raw materials	1,815	1,394
Others	251	1,283
	8,356	19,014
Less: non-current portion	(20)	(5,217)
Current portion	8,336	13,797

17 Financial assets at FVTPL

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
At beginning of the period/year	135,647	132,645
Addition	–	130,005
Disposals	–	(129,985)
Change in fair value	952	1,059
Currency translation differences	968	1,923
At end of the period/year	137,567	135,647

Notes to the Interim Condensed Consolidated Financial Information (Continued)

18 Cash and bank balance

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at bank		
– RMB	48,996	68,959
– USD	64,339	62,732
– EUR	23	73
– HKD	4,579	2,321
Cash at bank	117,937	134,085
Bank deposits with maturity over three months		
– USD	32,226	65,550
	150,163	199,635
Analysed as:		
Cash and cash equivalents	117,937	134,085
Bank deposits with maturity between three months to one year	32,226	65,550
	150,163	199,635

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 2024 and 31 December 2023	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 Pre-IPO 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 share 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 from the Listing, 30% after 24 months from the Listing, and 40% after 36 months from the Listing, respectively.

The share-based compensation expenses for the Pre-IPO Share Option Scheme recognised during the six months ended 30 June 2024 were approximately RMB1,366,000 (six months ended 30 June 2023: RMB5,388,000).

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 the equity allocation model in determining the fair value of the share options.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

20 Share-based compensation (Continued)

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

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

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

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

	Six months ended 30 June 2024		Year ended 31 December 2023	
	Average exercise price	Number of shares under the option	Average exercise price	Number of shares under the option
At beginning of the period/year	HKD3.90	28,993,900	HKD3.90	34,026,400
Forfeited	HKD3.90	(1,302,500)	HKD3.90	(5,032,500)
At end of the period/year	HKD3.90	27,691,400	HKD3.90	28,993,900

No share options expired or were exercised during the periods covered by the above table.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

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 June 30, 2024 and 2023.

22 Borrowings

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Bank borrowings	25,471	15,571

(a) As at 30 June 2024 and 31 December 2023, the Group's borrowings were repayable as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Within 1 year	17,686	3,893
Between 2 and 5 years	7,785	11,678
	25,471	15,571

(b) The weighted average effective interest rate as at 30 June 2024 was 3.33%.

(c) As at 30 June 2024, the Group had unutilised bank facilities of RMB480,100,000 (31 December 2023: RMB490,000,000).

23 Lease liabilities

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Lease liabilities		
– Current	5,779	4,063
– Non-current	3,960	367
Total lease liabilities	9,739	4,430

Notes to the Interim Condensed Consolidated Financial Information (Continued)

24 Trade and other payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	1,552	3,447
Staff salaries and welfare payables	8,074	15,207
Other tax payables	4,583	4,252
Payables for construction in progress	61,214	–
Payables to service suppliers	304	1,117
Other accrued expenses	4,743	5,006
	80,470	29,029

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	1,552	3,447

25 Commitments

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Property, plant and equipment	283,668	356,041

26 Related party transactions

A party is considered to be related if it has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

(a) Name of and relationship with related parties

The following individual is a related party of the Group that had significant balances as at 30 June 2024 and 31 December 2023:

Name of related parties	Nature of relationship
Mr. Zhou Chang	A member of key management

(b) Transactions with related parties

(i) Loans to a related party

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Year ended 31 December 2023 RMB'000 (Audited)
Mr. Zhou Chang	–	4,000

(ii) Amounts repaid by a related party

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Year ended 31 December 2023 RMB'000 (Audited)
Mr. Zhou Chang	–	2,000

Notes to the Interim Condensed Consolidated Financial Information (Continued)

26 Related party transactions (Continued)

(c) Key management compensation

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

The compensation paid or payable to the key management during the six months ended 30 June 2024 and 2023 was shown as below.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages and bonuses	5,001	4,873
Contributions to pension plans	211	218
Housing fund, medical insurance and other social insurance	323	212
Share-based compensation expenses	1,487	5,671
	7,022	10,974

27 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:

“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 disease, 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 disease
“calMR”	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 C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this report and for geographical reference only, excluding Hong Kong, Macau and Taiwan
“Company” or “our Company”	Rainmed Medical Limited (潤邁德醫療有限公司), an exempted company with limited liability incorporated in the Cayman Islands on April 9, 2021
“confirmatory clinical trial”	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product
“Core Product”	has the meaning as ascribed to it under Chapter 18A of the Listing Rules, which, for purposes of this report, refers to each of caFFR System and calMR System

DEFINITIONS (Continued)

“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 Institute of Certified Public Accountants
“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
“KOL(s)”	key opinion leader(s), renowned physicians who are able to influence their peers’ medical practice

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date, Friday, July 8, 2022, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“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 as set out in Appendix C3 to the Listing Rules
“NMPA”	National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
“Nomination Committee”	the nomination committee of the Board
“NSTEMI”	non-ST segment elevation myocardial infarction, a heart attack that occurs without ST segment elevation on the electrocardiogram
“Over-allotment Option”	has the meaning as ascribed to it under the Prospectus
“PCI”	percutaneous coronary intervention, a percutaneous procedure to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue that does not involve open-chest surgery
“PCT”	the Patent Cooperation Treaty
“Preferred Shares”	has the meaning as ascribed to it under the Prospectus
“Pre-IPO Share Option Scheme”	the share option scheme adopted by our Company on December 10, 2021
“Prospectus”	the prospectus of the Company dated June 27, 2022, in relation to the Global Offering
“R&D”	research and development

DEFINITIONS (Continued)

“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a par value of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SMO”	site management organization, an organization that provides clinical trial related services to medical device companies
“sq.m.”	square meter, a unit of area
“STEMI”	ST segment elevation myocardial infarction, which occurs due to occlusion of one or more coronary arteries, causing transmural myocardial ischemia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning as ascribed to it 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 the 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

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 is centered on a blue background with a network of white dots and lines. The word "Rain" is in black with a red underline, and "Med" is in black with a blue underline.

Rain Med