Rainmed Medical Limited
潤邁德醫療有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2297)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

	Year Ended December 31,		
	2023	2022	Change
	RMB million **(Except percentage)** **(audited)**	*RMB million* (Except percentage) (audited)	
Revenue	**73.2**	83.6	(12.4%)
Gross profit	**48.6**	69.8	(30.4%)
Gross profit margin	**66.3%**	83.5%	
Loss attributable to Shareholders of the Company	**(115.8)**	(1,346.0)	(91.4%)
Adjusted non-HKFRS loss attributable to Shareholders of the Company[Note]	**(108.3)**	(100.9)	7.4%
	RMB	*RMB*	
Loss per share — Basic and diluted	**(0.10)**	(1.50)	(93.3%)
Adjusted non-HKFRS loss per share — Basic and diluted	**(0.09)**	(0.11)	(18.2%)

The Board does not recommend payment of any final dividend for the Reporting Period.

Note: For the year ended December 31, 2023, the Group incurred loss of RMB115.8 million attributable to Shareholders of the Company. Share-based payment expenses are non-cash expenses arising from share awards and Pre-IPO Share Option Scheme granted to certain management personnel and employees, which are commonly not included in similar non-HKFRS measures adopted by other companies in our industry. After eliminating potential impacts of certain non-cash or other expenses that do not affect our ongoing operating performance, including share-based payment expenses, the Group's adjusted non-HKFRS loss attributable to equity holders of the Company was RMB108.3 million.

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures of the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year Ended December 31,	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(audited)	(audited)
Revenue	4	**73,219**	83,604
Cost of sales		**(24,666)**	(13,780)
Gross profit		**48,553**	69,824
Research and development expenses		**(41,328)**	(44,172)
Selling expenses		**(70,869)**	(66,750)
General and administrative expenses		**(74,696)**	(109,317)
Net impairment losses on financial assets		**(96)**	(69)
Other income	5	**5,585**	5,332
Other gains — net	6	**4,667**	1,898
Operating loss		**(128,184)**	(143,254)
Finance income		**12,405**	3,495
Finance costs		**(1,309)**	(760)
Finance income — net		**11,096**	2,735
Fair value loss of financial liabilities		**—**	(1,210,894)
Loss before income tax		**(117,088)**	(1,351,413)
Income tax credit	7	**22**	5,450
Loss for the year		**(117,066)**	(1,345,963)
Loss for the year attributable to:			
Shareholders of the Company		**(115,830)**	(1,345,963)
Non-controlling interests		**(1,236)**	—
		(117,066)	(1,345,963)
Loss per share for the year and attributable to the Shareholders of the Company		**(115,830)**	(1,345,963)
— Basic and diluted losses per share (RMB)	8	**(0.10)**	(1.50)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Year Ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	(audited)	(audited)
Loss for the year	**(117,066)**	(1,345,963)
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Exchange differences arising from translation of the Company	**5,783**	(45,778)
Items that may be reclassified to profit or loss		
Exchange differences arising from translation of subsidiaries of the Company	**(1,016)**	(2,471)
Other comprehensive income/(expense) for the year, net of tax	**4,767**	(48,249)
Total comprehensive expense for the year	**(112,299)**	(1,394,212)
Total comprehensive expense attributable to:		
Shareholders of the Company	**(111,063)**	(1,394,212)
Non-controlling interests	**(1,236)**	—
	(112,299)	(1,394,212)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2023**	2022
		RMB'000	*RMB'000*
		(audited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**109,117**	29,728
Right-of-use assets		**8,534**	9,014
Intangible assets		**41,551**	13,101
Goodwill		**12,591**	—
Deferred income tax assets		**24,630**	24,619
Other receivables		**2,453**	2,936
Prepayments		**5,217**	7,499
		204,093	86,897
Current assets			
Inventories		**9,786**	7,606
Bills receivables	9	**—**	3,531
Trade and other receivables	10	**10,350**	6,534
Prepayments		**13,797**	6,803
Financial assets at fair value through profit or loss		**135,647**	132,645
Bank deposits with the maturity over three months		**65,550**	355,196
Cash and cash equivalents		**134,085**	91,118
		369,215	603,433
Total assets		**573,308**	690,330
EQUITY			
Share capital and premium		**2,786,929**	2,786,929
Accumulated losses		**(2,335,387)**	(2,219,557)
Other reserves		**63,507**	51,264
Equity attributable to the Shareholders of the Company		**515,049**	618,636
Non-controlling interests		**4,963**	—
Total equity		**520,012**	618,636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**2023** ***RMB'000*** **(audited)**	2022 *RMB'000* (audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**11,678**	—
Lease liabilities		**367**	3,575
Deferred tax liabilities		**269**	—
		12,314	3,575
Current liabilities			
Borrowings		**3,893**	18,000
Trade and other payables	12	**29,029**	39,229
Contract liabilities		**3,984**	3,487
Current income tax liabilities		**13**	—
Lease liabilities		**4,063**	7,403
		40,982	68,119
Total liabilities		**53,296**	71,694
Total equity and liabilities		**573,308**	690,330
Net current assets		**328,233**	535,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. General Information

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

The Company is an investment holding company. The Company and its subsidiaries are primarily engaged in R&D, manufacturing and commercialization of medical instrument related to caFFR system, caIMR system and IVD products in the PRC, Europe and other regions.

The Company's shares have been listed on the main board of the Stock Exchange (the "**Main Board**") since July 8, 2022.

These annual consolidated financial information are presented in RMB, unless otherwise stated, which has been approved for issue on March 28, 2024.

Pursuant to a reorganization (the "**Reorganization**") in preparing for the listing of the Company's shares on the Main Board, which was completed on June 24, 2021, the Company became the holding company of the other companies comprising the Group.

2. Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at FVTPL.

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

As at December 31, 2023, the Group had a total cash and cash equivalents of RMB134,085,000 and bank deposits with the maturity over three months of RMB65,550,000. The directors are of the opinion that the Group has sufficient cash for its daily operation for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. Accounting Policies

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

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

- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies
- Amendments to HKAS 8, Definition of accounting estimates
- Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, International Tax Reform — Pillar Two Model Rules
- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), Insurance Contracts

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The following new standards, amendments to existing standards and interpretations relevant to the Group have been issued but are not effective for the annual reporting period beginning on January 1, 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current and the related amendments to Hong Kong Interpretation 5 (2020)	January 1, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	January 1, 2024
Amendments to HKAS 21	Lack of exchangeability	January 1, 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

4. Segment and revenue information

(a) Description of segments and principal activities

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

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time:		
— Sales of products	**72,684**	82,634
Over time:		
— Installation and training services	**535**	970
	73,219	83,604

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Contract liabilities:		
Consideration for sales of goods	**1,783**	1,723
Consideration for installation and training services	**2,201**	1,764
	3,984	3,487

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

(d) Revenue recognized in relation to contract liabilities

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year:		
— Sales of goods	**1,493**	3,125
— Installation and training services	**335**	533
	1,828	3,658

(e) Geographical information

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
	Revenue	Revenue
China	**72,743**	82,437
Others	**476**	1,167
	73,219	83,604

As at December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022 are listed as below:

	Year ended December 31,	
	2023	2022
Customer A	**14.22%**	12.89%
Customer B	**11.30%**	11.54%
Total	**25.52%**	24.43%

(g) Unsatisfied performance obligations

The Group does not disclose information about remaining performance obligations as their original expected duration is less than one year as permitted under the practical expedient in accordance with HKFRS 15.

5. Other income

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Government grants related to costs	**5,585**	5,332

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

6. Other gains — net

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gains	**1,078**	2,017
Losses on disposals of property, plant and equipment	**(11)**	(15)
Fair value change in financial assets at FVTPL	**1,059**	1
Gain from derecognition of wealth management products	**1,345**	—
Others	**1,196**	(105)
	4,667	1,898

7. Income tax credit

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Income tax	**(15)**	(6)
Deferred income tax	**37**	5,456
	22	5,450

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

(a) The Cayman Islands and BVI

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

(b) Hong Kong

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profit in Hong Kong during the years ended December 31, 2023 and 2022.

(c) Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and the Implementation Rules of the EIT Law, the EIT 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 approvals to become a new and high-technology enterprise in December 2021, which is effective for three years commencing on January 1, 2021. Suzhou Rainmed are entitled to a preferential income tax rate of 15% on the estimated assessable profits for the years ended December 31, 2023 and 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

8. Loss per share

(a) Basic loss per share

The calculation of basic loss per share for the year ended December 31, 2023 is based on the loss attributable to equity shareholders of the Company of RMB115,830,000 (2022: RMB1,345,963,000) and the weighted average of 1,167,799,000 ordinary shares (2022: 898,232,000 ordinary shares) in issue during the year, calculated as follows:

	Year ended December 31,	
	2023	2022
Loss attributable to Shareholders of the Company (RMB'000)	**(115,830)**	(1,345,963)
Weighted average number of ordinary shares in issue (thousand) (i)	**1,167,799**	898,232
Basic loss per share (in RMB/share)	**(0.10)**	(1.50)

(i) The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended December 31, 2022 has been retrospectively adjusted for the capitalization issue.

(b) Diluted loss per share

The Group has potential dilutive shares throughout the years ended December 31, 2023 and 2022 related to the Pre-IPO Share Option Scheme. For the years ended December 31, 2023 and 2022 respectively, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2023 and 2022 are the same as basic loss per share.

9. Bills receivables

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Bank acceptance bills	**—**	3,531

As at December 31, 2023 and 2022, no bills has been endorsed to the suppliers or discounted to the bank.

10. Trade and other receivables

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables (a)	**3,691**	148
Other receivables (b)	**9,112**	9,322
Less: non-current portion	**(2,453)**	(2,936)
Trade and other receivables — net	**10,350**	6,534

The carrying amounts of trade and other receivables were denominated in RMB.

(a) Trade receivables

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**4,093**	148
Less: provision for impairment	**(402)**	—
Trade receivables — net	**3,691**	148

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**1,888**	43
31 days to 90 days	**377**	—
91 days to 180 days	**384**	105
181 days to 360 days	**1,444**	—
	4,093	148

(b) Other receivables

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Loans to employees	**—**	4,000
Deposits	**3,251**	3,222
Amount due from a related party	**—**	2,000
Value-added tax recoverable	**4,838**	108
Others	**1,055**	75
	9,144	9,405
Less: provision for impairment	**(32)**	(83)
Other receivables — net	**9,112**	9,322
Less: non-current portion	**(2,453)**	(2,936)
	6,659	6,386

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

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

11. Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the year ended December 31, 2023 (2022: nil).

12. Trade and other payables

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**3,447**	1,131
Staff salaries and welfare payables	**15,207**	24,190
Other tax payables	**4,252**	6,271
Payables for service suppliers	**1,117**	3,231
Other accrued expenses	**5,006**	4,406
	29,029	39,229

The aging analysis of trade payables based on invoice dates was as follows:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**3,447**	1,131

The Group's trade and other payables are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
— RMB	**19,785**	22,861
— HK$	**9,244**	16,368
	29,029	39,229

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

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 macro-circulation of arteries which account for 5% of all arteries and IMR measures the micro-circulation of arteries which account for 95% of all arteries, therefore, using a combination of IMR and FFR can provide a comprehensive evaluation on the coronary circulation status of CAD patients. In addition, our two systems were included into the Expert Consensus on Computation of Coronary Physiological Assessment Technology in China (《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 core 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, and combining with the Group's other relevant products, we plan to launch our vascular interventional 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.* (天津悦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.

Commercialization

In 2023, amidst the volatile market conditions, we kept on expanding the market channels of our caFFR System, caIMR System and IVD in the industry, and have achieved steady results, which strengthen our competitive advantages in the relevant fields. Our revenue decreased from RMB83.6 million for the year ended December 31, 2022 to RMB73.2 million for the year ended December 31, 2023, substantially all of which were generated from the sales of our caFFR System and caIMR System, representing a year-on-year decrease of approximately 12.4%.

We have a proven track record in commercializing our Core Products, caFFR System, with a comprehensive commercialization network in China. We actively engage with KOLs — such as Dr. Ge Junbo and Dr. Huo Yong — physicians and medical associations as a part of our academic promotion and marketing strategy. As of December 31, 2023, our efficient and highly experienced sales team have established an extensive distribution network comprising 144 domestic distributors who are authorized by us to cover over 700 hospitals across 22 provinces, four autonomous regions and four municipal cities in China. With our effective and extensive sales and marketing activities, as of December 31, 2023, our caFFR System had been sold to and installed in over 650 hospitals and had been performed at over 1,350 hospitals in China, and we had completed the procurement approval procedure with over 650 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.

Research and Development

Our R&D team develops innovative products focusing on the field of interventional precision diagnosis and treatment. We have a dedicated in-house R&D team of over 100 members primarily based in Suzhou, Jiangsu province, China. The R&D team accounts for around one third of our total employees and is led by Mr. Liu Guangzhi, our chief technology officer, who has over 10 years of experience in medical device development and over 17 years of experience in software and algorithm development as well as profound management experience.

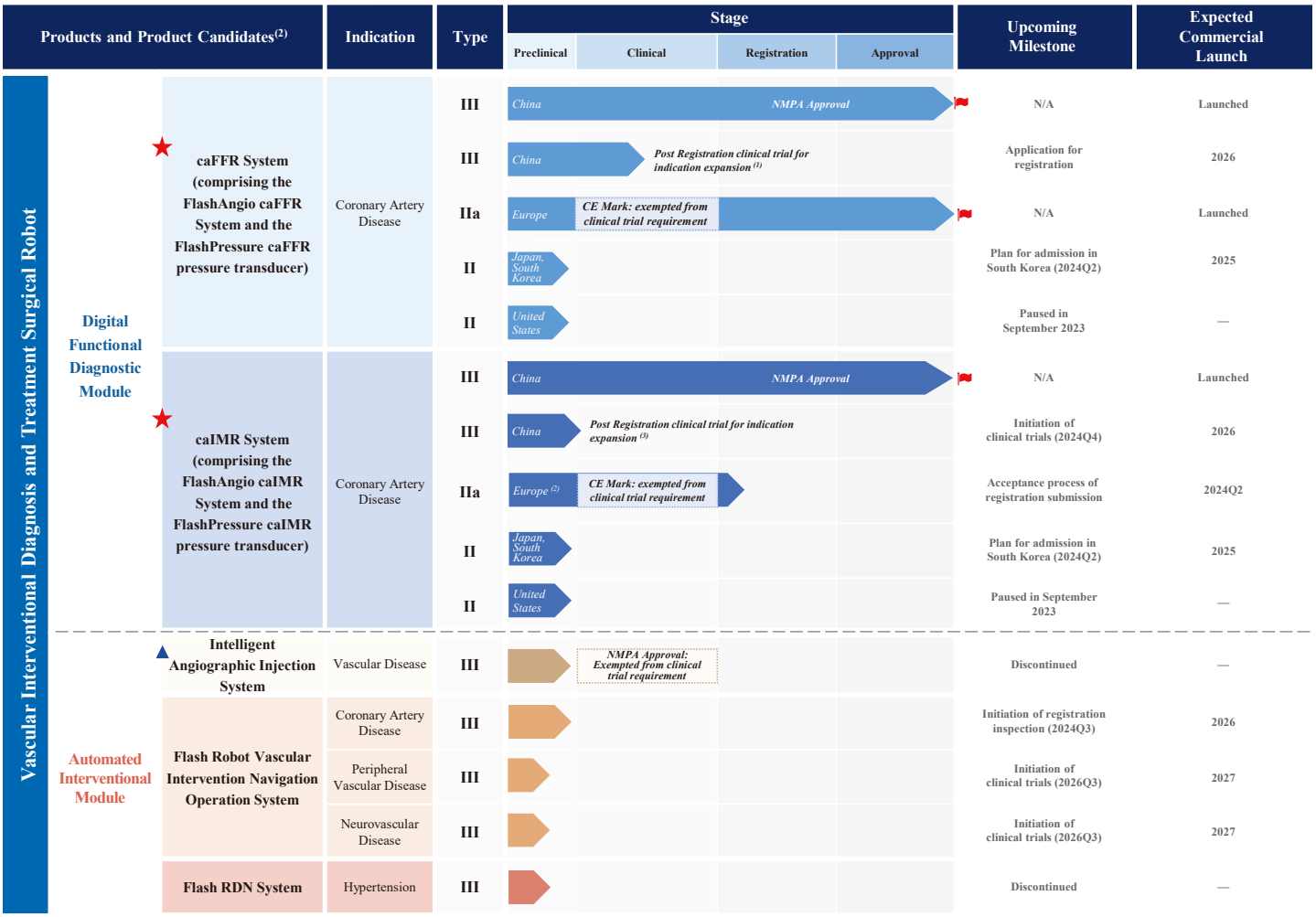
Our four R&D platforms include the medical imaging algorithm and application R&D platform, the fluid dynamics simulating calculation platform, the high-performance device R&D platform and the interventional consumables R&D platform. These platforms adhere to in-house development and innovation, capture 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 December 31, 2023, we had (i) 173 approved patents, including 156 approved in China, 5 approved in the U.S. and 12 approved in Japan; (ii) 137 pending patent applications, including 101 in China and 36 overseas; (iii) 11 active PCT patent applications; (iv) 292 registered trademarks; and (v) 15 registered software copyrights.

Manufacturing

Our commercialization efforts are well supported by our growing manufacturing capability. As of December 31, 2023, we had three manufacturing sites, two of which located in Suzhou, Jiangsu province, China, and one located in Tianjin province, 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.

Product and Pipeline



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

Notes:

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

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

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

caFFR System

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

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

caIMR System

We have completed our caIMR System and obtained NMPA approval. Our caIMR 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 caIMR System at the European Association of Percutaneous Cardiovascular Interventions, the world's top academic conference for cardiovascular intervention. Compared with wire-based IMR, the diagnostic performance of our caIMR System indicated a diagnostic accuracy of 93.8%, sensitivity of 95.1%, and specificity of 93.1%. We obtained NMPA approval for commercialization of our caIMR System in April 2023.

Flash Robot Vascular Intervention Navigation Operation System

Flash Robot Vascular Intervention Navigation Operation System is our proprietary robot-assisted platform designed for navigation and operation. We plan to provide a "one-stop hybrid procedure" that can be carried out for diagnostic and therapeutic purposes at the same time in the future. Robotic-assisted operation enables precise measurement of anatomy and device positioning with the added benefit of radiation protection for the physicians. Consisting of a robotic arm and a control unit (including a console and a surgical image navigation system), our Flash Robot Vascular Intervention Navigation Operation System allows physicians to precisely guide a catheter through the patient's blood vessels and further perform the operation. As of December 31, 2023, 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 trial sample.

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, and has a wider coverage 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 caIMR SYSTEM, AND WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR OTHER PRODUCTS OR ANY OTHER PRODUCT CANDIDATES.

Outlook and Prospect

In the past year, the compliance of medical devices became stricter, and the market was full of uncertainties. We have made more arduous efforts than before, and still achieved gratifying results. The income level remained relatively the same as that of the previous period. The core product caIMR system successfully obtained the approval for commercialization from the NMPA, and the *in vitro* diagnostic field was developed through the acquisition of Tianjin Yuehekang, thereby expanding the Group's business. Looking ahead to 2024, despite the challenging industry situation, we still need to strengthen the Company's competitive advantages in the field of FFR and IMR, increase the coverage and market strengths of IVD products, actively develop overseas markets, enhance penetration rate in the market of mainland China, and strive to achieve healthy growth and high-quality development throughout 2024.

II. FINANCIAL REVIEW

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 years ended December 31, 2023 and 2022. Our contracts with distributors include a component of installing our devices and training services in addition to delivering products. We recognize revenue for sales of products upon delivery and recognize revenue for installation and training services after we have completed the relevant services. The following table sets forth a breakdown of our revenue by nature for the years indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Sales of products		
— Sales of FlashAngio caFFR System	**4,182**	14,239
— Sales of FlashPressure caFFR pressure transducer	**55,011**	68,395
— Sales of FlashAngio caIMR system	**6,883**	—
— Reagents and others	**6,608**	—
Installation and training services	**535**	970
Total	**73,219**	83,604

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 30.4% from RMB69.8 million for the year ended December 31, 2022 to RMB48.6 million for the year ended December 31, 2023, primarily due to the decreased sales of our caFFR System. Our gross profit margin decreased from 83.5% for the year ended December 31, 2022 to 66.3% for the same period in 2023, primarily due to the change of product mix.

Research and Development Expenses

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**22,213**	25,371
Raw material costs	**7,004**	5,174
Professional service expenses	**2,113**	4,772
Clinical trial and testing expenses	**4,421**	2,019
Share-based payment expenses	**608**	2,325
Depreciation and amortization charges	**3,617**	2,225
Other expenses	**1,352**	2,286
Total	**41,328**	44,172

Our R&D expenses decreased from RMB44.2 million for the year ended December 31, 2022 to RMB41.3 million for the year ended December 31, 2023, representing a year-on-year decrease of approximately 6.4%. Such decrease was primarily due to (i) a decrease of RMB3.2 million in employee benefit expenses mainly as a result of capitalization of R&D expenditures incurred for our Core Products; (ii) a decrease of RMB2.7 million in professional service expenses as a result of capitalization of R&D expenditures; and (iii) a decrease of RMB1.7 million in share-based payment expenses as a result of the Pre-IPO Share Option Scheme granted to certain members of our R&D team in 2022.

Selling Expenses

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**41,179**	35,370
Marketing development expenses	**22,629**	22,860
Share-based payment expenses	**1,688**	3,592
Depreciation and amortization charges	**2,599**	3,017
Other expenses	**2,774**	1,911
Total	**70,869**	66,750

Our selling expenses increased from RMB66.8 million for the year ended December 31, 2022 to RMB70.9 million for the year ended December 31, 2023, representing an increase of approximately 6.2% as compared to the same period in 2022. Such increase was primarily due to an increase of RMB5.8 million in employee benefit expenses mainly as a result of an increase in our sales and marketing employee headcount to support our increasing sales and marketing activities.

General and Administrative Expenses

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**41,784**	51,769
Listing expenses	**—**	20,756
Depreciation and amortization charges	**7,893**	9,166
Professional service expenses	**6,128**	6,681
Share-based payment expenses	**5,111**	7,039
Travel expenses	**751**	309
Other expenses[Note]	**13,029**	13,597
Total	**74,696**	109,317

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

Our general and administrative expenses decreased from RMB109.3 million for the year ended December 31, 2022 to RMB74.7 million for the year ended December 31, 2023, representing a year-on-year decrease of approximately 31.7%. Such decrease was primarily due to (i) a decrease of RMB20.8 million in listing expenses; (ii) a decrease of RMB10.0 million in employee benefit expenses as a result of a decrease in our administrative employee headcount.

Other Income

Our other income increased from RMB5.3 million for the year ended December 31, 2022 to RMB5.5 million for the year ended December 31, 2023, primarily due to an increase in government grants related to costs.

Income Tax Credit

Our income tax credit decreased from RMB5.5 million for the year ended December 31, 2022 to RMB0.02 million for the year ended December 31, 2023, primarily due to the recognition of deferred income tax assets mainly resulted from the decrease in deductible loss before income tax recognized in 2023.

Fair Value Loss of Financial Liabilities

Our fair value loss of financial liabilities represented the changes in fair value of the preferred shares in relation to our Series Angel-1, Series Angel-2, Series A+, Series B, Series C-1, Series C-2 and Series D Preferred Shares (collectively, "**Refundable Preferred Shares**"). Subsequent to initial recognition, changes in the fair value of our Refundable Preferred Shares are recognized in the consolidated income statement. Upon the listing on July 8, 2022, the Refundable Preferred Shares have been irrevocably converted into ordinary shares, after which no further loss or gain on fair value changes of the Refundable Preferred Shares should be recognized. As a result, our fair value loss of financial liabilities decreased significantly from RMB1,210.9 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023.

Loss for the Year

For the reasons described above, we recorded a loss of RMB117.1 million for the year ended December 31, 2023, compared with a loss of RMB1,346.0 million for the year ended December 31, 2022.

Liquidity and Financial Resources

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

For the year ended December 31, 2023, our net cash used in operating activities was RMB124.3 million, primarily because we incurred significant R&D expenses, administrative expenses and selling expenses during the Reporting Period. Our operating cash flow will continue to be affected by our operating expenses such as R&D expenses. During the Reporting Period, we mainly relied on capital contribution from Shareholders and equity financing as the main source of liquidity. Our management closely monitors the utilization of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with the net proceeds from the Global Offering, our cash and cash equivalents on hand and cash generated from our operations.

For the year ended December 31, 2023, our net cash used in investing activities was RMB181.5 million, primarily attributable to proceeds from disposal of short-term bank deposits of RMB479.3 million, which was offset by purchases of short-term bank deposits, purchase of property, plant and equipment and purchases of intangible assets of RMB187.9 million, RMB84.2 million and RMB26.8 million, respectively.

For the year ended December 31, 2023, our net cash generated from financing activities was RMB15.9 million, primarily attributable to proceeds from bank borrowings of RMB30.6 million, which was partially offset by repayments of bank borrowings and lease payment of RMB33.3 million and RMB12.3 million, respectively.

As at December 31, 2023, our cash and cash equivalents amounted to RMB134.1 million, representing an increase of RMB43.0 million from RMB91.1 million as at December 31, 2022. Our net current assets decreased from RMB535.3 million as at December 31, 2022 to RMB328.2 million as at December 31, 2023, primarily attributable to the decrease in bank deposits with the maturity of over three months.

Indebtedness

As at December 31, 2023, we had an outstanding balance of borrowings of RMB15.6 million. We had unutilized bank facilities of RMB490.0 million.

Our lease liabilities decreased from RMB11.0 million as at December 31, 2022 to RMB4.4 million as at December 31, 2023, primarily attributable to lease payments.

Capital Commitments

As at December 31, 2023, we had capital commitments contracted but not provided for of RMB356.0 million in relation to the purchase of construction and furnishing services and equipment for the Group's production plants.

Charges on Assets

As at 31 December 2023, the Group's bank borrowings were secured by the Group's equity interest in one subsidiary of RMB26.0 million.

Contingent Liabilities

As at December 31, 2023, we did not have any material contingent liabilities (as at December 31, 2022: nil).

Significant Investments, Material Acquisitions and Disposals

The Acquisition of Equity Interest and the Subscription of Increased Registered Capital of Tianjin Yuehekang

On March 1, 2023 (after trading hours), Suzhou Rainmed entered into an investment agreement (the "**Investment Agreement**") with Tianjin Yuehekang, Qingdao Yaoshuntong Trading Co., Ltd. (青島耀順通商貿有限公司) ("**Qingdao Yaoshuntong**") and Mr. He Zhibo, pursuant to which (i) Suzhou Rainmed has conditionally agreed to acquire, and Qingdao Yaoshuntong has conditionally agreed to sell the equity interest, which represented 57% of the registered capital of Tianjin Yuehekang as at March 1, 2023 and immediately before the subscription of subscription interests as contemplated under the Investment Agreement, at the consideration in the amount of RMB15,960,000; and (ii) Suzhou Rainmed has conditionally agreed to subscribe for the increased registered capital, which represented 11.32% of the total registered capital of Tianjin Yuehekang on a fully-diluted basis as enlarged by the transfer of interests and subscription of subscription interests as contemplated under the Investment Agreement (collectively, the "**Investment**"), at the consideration in the amount of RMB10,000,000 (comprising newly increased registered capital of approximately RMB8,214,300 and capital reserve of approximately RMB1,785,700).

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

The Entering Into of the Construction Agreement

In March 2023, the Group acquired a piece of land located in Wuzhong District, Suzhou, Jiangsu Province, the PRC, with a total site area of approximately 20,000 sq.m. for the purpose of developing an industrial park of the Group, at a consideration of RMB5,040,050. On March 24, 2023, Suzhou Rainmed Robot Co., Ltd.* (蘇州潤邁德機器人有限公司), an indirect wholly-owned subsidiary of the Company, entered into a construction agreement (the "**Construction Agreement**") with Wujiang Construction Engineering (Group) Co., Ltd.* (吳江市建設工程 (集團) 有限公司) (the "**Contractor**"), pursuant to which the Contractor will undertake the construction and engineering works of manufacturing facilities, office buildings and supporting facilities on a piece of land located in Wuzhong District, Suzhou, Jiangsu Province, the PRC with a construction area of approximately 75,600 sq.m. at a consideration of RMB430,000,000. The construction works are expected to be completed within 730 days after the commencement date, which will be specified in the commencement report or commencement notice, and is currently under construction. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Agreement exceeds 25% but is less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

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

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

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

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

Foreign Exchange Exposure

We are exposed to foreign currency risk primarily arising from cash at banks denominated in USD. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Key Financial Ratios

The following table sets forth the key financial ratios as at the dates indicated:

	As at December 31,	
	2023	2022
Quick ratio[(1)]	**8.8**	8.7
Gearing ratio[(2)]	**Not meaningful**	Not meaningful

Notes:

(1) Quick ratio is calculated by dividing current assets less inventories as of a given date by current liabilities as at such date.

(2) Gearing ratio is calculated using interest-bearing bank and other borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing bank and other borrowings less cash and cash equivalents were negative.

Future Plans for Material Investments or Capital Assets

The Group will continue to expand into the China and global markets in order to tap its internal potential and maximize Shareholders' interests. The Group will continue to drive product development within its product pipeline. The Group will continue to grow and develop through self-development, mergers and/or acquisitions. We will use various financing channels to support capital expenditures, including but not limited to internal funds and bank loans. Currently, the Group's bank credit line is sufficient.

Human Resources

As at December 31, 2023, the Group employed 406 full-time employees, all of whom were stationed in China. During the Reporting Period, the Group's total employee benefit expenses (including (i) wages, salaries and bonuses; (ii) social security costs; (iii) employee benefits; and (iv) equity-settled share awards) amounted to approximately RMB7.48 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 (or 35,381,400 Shares as adjusted after the capitalization issue) as further described in the Prospectus was approved at the Board meeting of the Company held on December 10, 2021. The purpose of the Pre-IPO Share Option Scheme is to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group. The Pre-IPO Share Option 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

No significant events occurred since the end of the Reporting Period.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the Reporting Period (for the year ended December 31, 2022: nil).

AGM AND CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the AGM on Friday, June 28, 2024. The notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rainmed.com) and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

The register of members of the Company will be closed from Tuesday, June 25, 2024 to Friday, June 28, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, June 24, 2024.

CORPORATE GOVERNANCE

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.

During the year ended December 31, 2023, the Company complied with all code provisions of the CG Code except for the deviation as disclosed below.

Pursuant to code provision C.2.1 of the CG Code, 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 overall strategic planning and decision-making, execution, operation and management of the Company. Although this constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that vesting the roles of both chairman of the Board and CEO in Mr. Huo Yunfei has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Therefore, the Board possesses an independent element in its composition.

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 throughout the year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established the Audit Committee, comprising three independent non-executive Directors, i.e., Mr. Liu Shuen Kong, Mr. Li Ho Man and Mr. Chen Xuefeng, with Mr. Liu Shuen Kong serving as the chairman. 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 the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and the Company's external auditors, and has reviewed the annual results of the Group for the year ended December 31, 2023.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's consolidated income statement, statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended December 31, 2023 as set out in this annual results announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited (the "**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023 prepared in accordance with HKFRSs. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING on this annual results announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2023 ANNUAL REPORT

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

DEFINITIONS

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

"AGM"	the 2023 annual general meeting of the Company to be held on Friday, June 28, 2024
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"BVI"	the British Virgin Islands
"CAD"	coronary artery diseases, a condition where the major blood vessels supplying the heart are narrowed to reduce blood flow that can cause chest pain and shortness of breath
"caFFR"	coronary angiography-derived fractional flow reserve, a novel less-invasive index to determine the FFR in patients with stable or unstable angina
"CAG"	coronary angiography, a percutaneous procedure that uses contrast dye and X-ray images to detect CAD
"caIMR"	coronary angiography-derived index of microvascular resistance, which is proposed for physiological assessment of microvascular diseases in coronary circulation
"CE Mark"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company" or "our Company"	Rainmed Medical Limited (潤邁德醫療有限公司), an exempted company with limited liability incorporated in the Cayman Islands on April 9, 2021
"confirmatory clinical trial"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product

"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this announcement, refers to each of caFFR System and caIMR System
"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 in the Prospectus
"GMP"	good manufacturing practice, the quality assurance that ensures that medical products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HFpEF"	heart failure with preserved ejection fraction, a condition which occurs when the lower left chamber (left ventricle) is not able to fill properly with blood during the diastolic (filling) phase and the amount of blood pumped out to the body is less than normal
"HKFRS"	Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Accounting Standards Board
"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 Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 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)
"NSTEMI"	non-ST segment elevation myocardial infarction, a heart attack that occurs without ST segment elevation on the electrocardiogram
"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 Share(s)"	has the meaning as ascribed to it in the Prospectus
"Pre-IPO Share Option Scheme"	the share option scheme adopted by the 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
"Reporting Period"	the year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Series Angel-1 Preferred Shares"	the series Angel-1 preferred share of our Company with a par value of HK$0.0001 each
"Series Angel-2 Preferred Shares"	the series Angel-2 preferred share of our Company with a par value of HK$0.0001 each
"Series A Preferred Shares"	the series A preferred share of our Company with a par value of HK$0.0001 each
"Series A+ Preferred Shares"	the series A+ preferred share of our Company with a par value of HK$0.0001 each
"Series B Preferred Shares"	the series B preferred share of our Company with a par value of HK$0.0001 each

"Series C-1 Preferred Shares"	the series C-1 preferred share of our Company with a par value of HK$0.0001 each
"Series C-2 Preferred Shares"	the series C-2 preferred share of our Company with a par value of HK$0.0001 each
"Series D Preferred Shares"	the series D preferred share of our Company with a par value of HK$0.0001 each
"Share(s)"	ordinary share(s) with a par value of HK$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies
"sq.m."	square meter, a unit of area
"STEMI"	ST segment elevation myocardial infarction, which occurs due to occlusion of one or more coronary arteries, causing transmural myocardial ischemia
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Rainmed"	Suzhou Rainmed Medical Technology Co., Ltd. (蘇州潤邁德醫療科技有限公司), a limited liability company incorporated under the laws of PRC on December 5, 2016, being a wholly-owned subsidiary of our Company
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"%"	per cent

* The English translations of company names in Chinese which are marked with "*" are for identification purpose only.

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

Hong Kong, March 28, 2024

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