

ACOTEC

先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6669

2024
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Ms. Jing LI *(Chairperson of the Board)*

Mr. Silvio Rudolf SCHAFFNER *(re-designated as a non-executive director with effect from June 12, 2024)*

Non-executive Directors

Mr. Silvio Rudolf SCHAFFNER *(re-designated as a non-executive director with effect from June 12, 2024)*

Mr. Arthur Crosswell BUTCHER

Ms. June CHANG

Independent Non-executive Directors

Dr. Yuqi WANG

Ms. Hong NI

Ms. Kin Yee POON

REMUNERATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*

Ms. Hong NI

Ms. Jing LI

NOMINATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*

Ms. Hong NI

Ms. Jing LI

AUDIT COMMITTEE

Ms. Kin Yee POON *(Chairperson)*

Dr. Yuqi WANG

Ms. June CHANG

JOINT COMPANY SECRETARIES

Mr. Chen LI

Ms. Ching Yi LI

AUTHORISED REPRESENTATIVES

Ms. Jing LI

Ms. Ching Yi LI

COMPLIANCE ADVISER

Soochow Securities International Capital Limited

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AUDITOR

KPMG
Certified Public Accountants
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accordance with the Accounting and
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Hong Kong

STOCK CODE

6669

Financial Summary

	Six months ended June 30, 2024 (Unaudited) RMB'000	Six months ended June 30, 2023 (Unaudited) RMB'000	Period-to-period change
Revenue	292,339	243,063	20.3%
Gross profit	217,210	195,116	11.3%
Profit before tax	39,939	22,351	78.7%
Profit for the period	39,957	22,369	78.6%

Management Discussion and Analysis

BUSINESS REVIEW

We are a global leading medical device technology platform company in China. Leveraging on our four unique technology platforms (including drug-coating technology, radiofrequency ablation technology, polymer material technology and aspiration platform technology), we are focusing on the provision of solutions of cutting-edge intravascular interventional treatments. We have already built around 30 product pipelines so far, which are capable of providing endovascular minimally-invasive interventional solutions for four areas consisting of vascular surgery, cardiology, nephrology and neurology. Based on the extendability and efficiency of our four technology platforms, we wish to leverage on our advantages in production and research through continuous innovation and continue to meet the clinical needs of vascular interventional treatments, so as to provide solutions of full-body vascular interventional treatments to the patients worldwide and safeguard their health and wellness.

BUSINESS HIGHLIGHTS

We continued to drive innovation and iteration in technology and processes and achieved significant progress in product research and development. During the Reporting Period, our three products were under clinical trials, one product had applied for registration with the NMPA, and three products had been approved by the NMPA for marketing, and we successfully registered 6 patents and applied for registration of 6 additional patents.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of June 30, 2024, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,700 hospitals (1,600 hospitals as of December 31, 2023); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 800 hospitals (770 hospitals as of December 31, 2023); our Peripheral Aspiration System (AcoStream[®]) had been admitted into 1,560 hospitals (1,300 hospitals as of December 31, 2023); and our Radiofrequency Ablation System (AcoArt Cedar[®]), which was approved by the NMPA in April 2022, had been admitted into 500 hospitals (350 hospitals as of December 31, 2023). These numbers are expected to continue to grow as we advance our admission efforts to hospitals.

The stable and positive direction of our production and research contributed to the rapid growth of our annual revenue directly. For the Reporting Period, our revenue was approximately RMB292.3 million, representing a period-on-period increase of approximately 20.3%. Our Core Products, AcoArt Orchid[®] & Dhalia[®] and AcoArt Tulip[®] & Litos[®], were the major contributors to our revenue.

We have established a diversified and innovative product pipeline layout, with several products being launched during the Reporting Period.

As of June 30, 2024, we obtained the NMPA approvals for three of our products, namely AV Scoring Balloon (Peridge[®]), Coronary High-Pressure Balloon (YIYAN (“翼延[®]”)), and Coronary CTO Retrograde Micro-Catheter (Vericor-RS[®]), further expanded our product portfolio in the field of nephrology and cardiology.

Management Discussion and Analysis

We continued to diversify our business by launching new products and accelerating our globalization process.

During the Reporting Period, in addition to revenue generated from our Core Products, we continued to diversify our revenue stream from the venous intervention, vascular access and other products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®) and PTA balloon products), which contributed to a revenue of approximately RMB117.7 million, accounting for approximately 40.3% of the total revenue. As of June 30, 2024, we had obtained market approvals for five products in cardiology, two products in nephrology and one product in neurology. We anticipate that these approved products will contribute to sustain revenue generation, thereby enhancing the diversification of our income sources.

Our international business development accelerated. During the Reporting Period, we further expanded the overseas reach of our products. We have completed the preparatory work for AcoArt Orchid®, AcoArt Tulip®, and AcoArt Litos® to enter the markets of Chile, Austria, Finland, Sweden, the Netherlands, and the United Kingdom. In July 2023, we entered into a master collaboration agreement (the “**Master Collaboration Agreement**”) and a master service agreement (the “**Master Service Agreement**”, together with the Master Collaboration Agreement, the “**Framework Agreements**”) with Boston Scientific Group plc, outlining collaboration in product commercialization, manufacturing services and product development over the next three years. Please refer to our announcement dated July 20, 2023 and circular dated July 28, 2023 for further details. The signing of these two Framework Agreements enables us to seize vast sales opportunities globally and elevate our brand influence. We are of the view that the acceleration of our internationalization progress will further diversify our sources of income and facilitate us to respond to market changes more flexibly.

Our product pipelines were comprehensive and diversified.

We have cultivated a diverse product portfolio spanning vascular surgery, cardiology, nephrology and neurology, comprising around 30 products. Our early recognition of the treatment demand for venous vascular disease prompted us to proactively develop products in this area, allowing us to gain a first-mover advantage in the market. The rapid revenue growth generated from venous intervention products following their market approval stand as a testament to our expertise in pipeline development. This remarkable achievement is attributable to two reasons: our insight into judgment of and prediction of market potentials and our first-class execution capabilities. We will continue to introduce competitive products to the market.

In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application for AcoArt Litos® from the U.S. Food and Drug Administration (FDA), this marks a significant milestone in advancing the product’s market entry in the U.S. We are currently in the preparation phase of the clinical trial. In December 2023, we released clinical trial data for our intracranial DCB (AcoArt Daisy®). The 6-month follow-up statistics showed the target vessel restenosis rate of 6.85% for the DCB group, which was significantly lower than that of the Stent group. This confirms the significant clinical efficacy and good safety of the AcoArt Daisy® in the treatment of intracranial atherosclerotic stenosis (ICAS).

We continued to strengthen our efforts in clinical promotions and promote the innovation of clinical therapies of vascular intervention.

Since the launch of AcoArt Orchid® & Dhalia®, our first and China's first peripheral DCB product, we have already initiated our efforts in clinical promotion and education. Since the commencement of research and development of our products, we have never been slack in our promotion efforts in clinical treatments. We have been promoting the innovation of clinical therapies of vascular intervention, so as to provide brand-new solutions for intravascular diseases to patients.

We will continue to carry on the market cultivation of our new products, so as to provide new treatment methods to clinical patients.

We continued to reinforce our talent pool and improve our team building.

As of June 30, 2024, we had 615 employees in total. The number of members of our research and development team increased to 132 from 127 as of December 31, 2023, and the expertise of our technical team covers material science, mechanical design, chemistry and biomedical engineering. During the Reporting Period, we have conducted campus recruitment at several top-tier universities. This strategic endeavor enabled us to enrich our team with professional talents in fields such as, among others, clinical medicine and mechanical engineering, which further enhanced our talent pool. We believe that the support of talents from different expertise will accelerate the implementation of our multi-product pipeline projects.

BUSINESS OVERVIEW

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm, and we prepared for our business presence in these sectors. During the Reporting Period, we obtained the NMPA approval for three of our products, namely AV Scoring Balloon (Peridge®), Coronary High-Pressure Balloon (YIYAN [“翼延®”]), and Coronary CTO Retrograde Micro-Catheter (Vericor-RS®). The progress of production development had been advancing at a quick pace.

Products and Pipeline

Our products and product candidates are Class I, Class II and Class III medical devices under the classification criteria of the NMPA. The following chart summarizes the key information of our full product portfolio as of the date of this interim report, including 17 commercialized products, the indication expansion for our Core Products in one therapeutic area, and 11 additional product candidates:

Management Discussion and Analysis

Department	Products and Product Candidates	Indications / Applications	Key Technologies	Phase			Upcoming Milestone		
				Area	Pre-clinical Studies	Clinical Studies		Registration	
Vascular Surgery	AcoArt Orchid [®] & Dhalia [®] /Orchid Plus [®] & Litos [®] *	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology	China EU	✓ ✓	✓ ✓	NMPA Approval [★] CE [★]	/	
	AcoArt Tulip [®] & Litos [®] *	Below-the-knee (BTK) artery disease	Drug coating technology	China EU U.S.	✓ ✓ ✓	✓ ✓ FDA DR APPROVAL [★]	NMPA Approval [★] CE [★]	/	
	AcoArt Iris [®] & Jasmin [®]	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	NMPA Approval [★]	/	
	AcoArt Lily [®] & Rosmarin [®]	PTA Balloon applied in PTA procedure	Polymer materials	China	✓	✓	NMPA Approval [★]	/	
	Peripheral Aspiration System (AcoStream [®])▲	DVT, ALI	Aspiration platform	China	✓	✓	NMPA Approval [★]	/	
	Radiofrequency Ablation System (AcoART Cedar [®])	Superficial varicose veins	RF platform	Brazil	✓	✓	ANVISA Approval [★]	/	
	Peripheral Support Catheter (Vericor [®])▲	Peripheral CTO lesion	Polymer materials	China U.S. Brazil Thailand Japan	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	NMPA Approval [★] FDA Approval [★] ANVISA Approval [★] TFDA Approval [★] MHLLW Approval [★]	/	
	Cardiology	PTA Balloon (P-Conic [®])	PTA	Polymer materials	China	✓	✓	NMPA Approval [★]	/
		2 nd Gen Peripheral Aspiration System (2 nd Generation AcoStream [®])▲	DVT, ALI	Aspiration platform	China	✓	✓	NMPA Approval [★]	/
		Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China	✓	✓	✓	2026
		Lower Limb Stentimus DCB	SFA and PPA disease	Drug coating technology	China	✓	✓	✓	2026
		Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China	✓	✓	✓	2024
		Peripheral Coil	Embolization	Polymer materials	China	✓	✓	✓	2024
		Peripheral Thrombectomy Device	DVT, ALI and PE	Polymer materials	China	✓	✓	✓	2025
		Peripheral IVL System	Intravascular calcium	Polymer materials	China	✓	✓	✓	2026
		Semi-compliant PTA Balloon (VAN)	PTCA	Polymer materials	China	✓	✓	NMPA Approval [★]	/
		Coronary CTO Recanalization Balloon (RT-Zero [®])▲	Coronary CTO	Polymer materials	China	✓	✓	NMPA Approval [★]	/
		Coronary CTO Antegrade Micro-Catheter (Vericor-14 [®])▲	Coronary CTO	Polymer materials	China Japan Thailand	✓ ✓ ✓	✓ ✓ ✓	NMPA Approval [★] MHLLW Approval [★] TFDA Approval [★]	/
		Coronary CTO Retrograde Micro-Catheter (Vericor-RS [®])▲	Coronary CTO	Polymer materials	China	✓	✓	NMPA Approval [★]	/
		Coronary High-Pressure Balloon (YIYAN源延 [®])	PTCA	Polymer materials	China	✓	✓	✓	2024
		AcoArt Camellia [®] (DCB)	Coronary small vessel diseases	Drug coating technology	China	✓	✓	✓	2024
		Coronary Stentimus DCB	Bifurcation lesions	Drug coating technology	China	✓	✓	✓	2024
Coronary IVL System		Coronary lesion calcium	Polymer materials	China	✓	✓	✓	2026	
AcoArt Orchid [®] & Dhalia [®] /Orchid Plus [®] & DCB (ACOART AVEENS) [®] ▲		Arteriovenous fistula stenosis	Drug coating technology	China	✓	✓	✓	NMPA Approval [★]	/
AIV Scoring Balloon (Peridge [®])		AVF PTA procedure	Drug coating technology	China	✓	✓	✓	NMPA Approval [★]	/
Intracranial PTA Balloon (NEO-Skater [®])▲		AVF PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval [★]	/
AcoArt Verbeena [®] & Vineat [®] (DCB)		Intracranial PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval [★]	/
AcoArt Daisy [®]		Vertebral atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	2024	
		Intracranial atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	2024	

★ Core product
▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免除临床试验医疗器械目录》) promulgated by the NMPA, as amended.
Note:
1. We have been continuously improving the performance of AcoArt Orchid[®] & Dhalia[®]. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArtOrchid[®] & Dhalia[®] with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArtOrchid[®] & Dhalia[®] in November 2021.
2. We have updated our product pipelines in order to accommodate the market demands.

Our Core Products

1. AcoArt Orchid® & Dhalia®

AcoArt Orchid® & Dhalia® is a paclitaxel DCB used to prevent stenosis or occlusion in superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of lower extremity artery disease (LEAD) with a vascular interventional approach. It is compatible with the guidewire of 0.035" (AcoArt Orchid®) and 0.018" (AcoArt Dhalia®).

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia® in 2016. AcoArt Orchid® & Dhalia® was the first peripheral DCB product launched in China. As of June 30, 2024, we had also launched AcoArt Orchid® in Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey, Thailand and Brazil. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

We are expanding the indications of AcoArt Orchid® & Dhalia® to address the underserved medical needs. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia® indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The RCT enrolled a total of 244 trial subjects in 11 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia®, and a control group, where the subjects receive the treatment using PTA balloons. We have completed the six-month follow-ups and the twelve-month follow-ups for all the trial subjects. According to the six-month follow-ups statistics, patency rate of DCB group is 91.4%, as comparing to the 66.9% patency rate for PTA group. According to the twelve-month follow-ups statistics, patency rate of DCB group is 66.1%, as compared to the 46.4% patency rate for PTA group. In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022.

We have been continuously improving the performance of AcoArt Orchid® & Dhalia®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.

For the Reporting Period, our revenue generated from the sales of AcoArt Orchid® & Dhalia® in China and overseas amounted to approximately RMB142.3 million, representing a period-on-period increase of approximately 12.8%.

2. AcoArt Tulip® & Litos®

AcoArt Tulip® & Litos® is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (AcoArt Tulip®) and 0.014" (AcoArt Litos®). We received the CE Marking for AcoArt Tulip® & Litos® in 2014, the FDA "breakthrough device" designation for AcoArt Litos® in 2019 and the NMPA approval for market for AcoArt Tulip® & Litos® in December 2020, and successfully launched it in China in January 2021. As of June 30, 2024, we had also launched AcoArt Tulip® & Litos® in Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

Management Discussion and Analysis

In January 2022, we submitted an IDE application for AcoArt Litos[®] Paclitaxel Coated Percutaneous Transluminal Angioplasty (PTA) Balloon Catheter to the Center for Devices and Radiological Health of the FDA. In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application from the US Food and Drug Administration (FDA), we are currently in the preparation phase of the clinical trial.

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip[®] & Litos[®] in China and overseas amounted to approximately RMB32.3 million, representing a period-on-period increase of approximately 21.1%.

Other Key Product Candidates

As of the end of the Reporting Period, in vascular surgery, other than our Core Products, we have seven other commercialized products and six product candidates in pipeline. In cardiology, we have five commercialized products and three product candidates in pipeline. In nephrology, we have two commercialized products. In neurology, we have one commercialized product and two product candidates in pipeline.

Devices Targeting Vascular Surgery

Other than our Core Products, we have seven commercialized products, namely AcoArt Iris[®] & Jasmin[®], AcoArt Lily[®] & Rosmarin[®], Peripheral Aspiration System (AcoStream[®]), Radiofrequency Ablation System (AcoArt Cedar[®]), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream[®]), Peripheral Support Catheter (Vericor[®]), PTA Balloon (P-Conic[®]) and six product candidates in pipeline.

Commercialized Products

1. **AcoArt Iris[®] & Jasmin[®]** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of SFA/PPA lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Iris[®] & Jasmin[®] in 2014 and successfully renewed its registration certificate for another five years in June 2019. We also obtained CE Marking for AcoArt Iris[®] in 2017. The CE Marking for AcoArt Iris[®] expired in January 2024. In light of the Company's overseas marketing strategy, we have decided not to renew the registration. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
2. **AcoArt Lily[®] & Rosmarin[®]** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of BTK lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Lily[®] & Rosmarin[®] in 2015 and successfully renewed its registration certificate for another five years in May 2020. We also obtained CE Marking for AcoArt Lily[®] & Rosmarin[®] in 2017. The CE Marking for AcoArt Lily[®] & Rosmarin[®] expired in January 2024. In light of the Company's overseas marketing strategy, we have decided not to renew the registration. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
3. **Peripheral Aspiration System (AcoStream[®])** consists of a single-use suction connection tube, a suction pump and a thrombus aspiration catheter designed for use in the percutaneous aspiration thrombectomy for treatment of pulmonary thrombosis and lower extremity deep vein thrombosis (DVT). The suction pump of Peripheral Aspiration System (AcoStream[®]) and the aspiration catheter were approved by the NMPA in August 2021 and November 2021, respectively. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

4. **Radiofrequency Ablation System (AcoArt Cedar®)** consists of a radiofrequency generator and an endovenous radiofrequency catheter. Our Radiofrequency Ablation System (AcoArt Cedar®) is designed for superficial vein closure to treat varicose veins through radiofrequency ablation. We received the NMPA approval in April 2022. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
5. **Peripheral Support Catheter (Vericor®)** is designed to enhance access to peripheral vessels. Our peripheral support catheters are used together with guidewires to recanalize CTO lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions. We received the NMPA approval in July 2022, and received Brazil ANVISA approval in September 2022, the section 510(k) registration approval from the U.S. Food and Drug Administration in November 2022. We further received the registration approval from the Food and Drug Administration of Thailand in March 2023 and registration approval from Ministry of Health, Labour and Welfare (“MHLW”) in Japan in September 2023. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
6. **PTA Balloon (P-Conic®)** is a percutaneous transluminal angioplasty (PTA) balloon designed for arterial dilation of the lower extremities, with a tapered balloon plus high pressure design for optimal vessel preparation. We received the NMPA approval in December 2022. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
7. **2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)** is the upgraded product of our current peripheral aspiration system product. The renewal peripheral aspiration catheter is used for removal of blood clots in human peripheral vascular system with improved design to further enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products, primarily including but not limited to AcoArt Iris® & Jasmin®, AcoArt Lily® & Rosmarin®, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®), and other products was approximately RMB117.7 million, representing a period-on-period increase of approximately 30.5%.

Product Candidates in Pipeline

8. **Peripheral Spot Stent** is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. Our peripheral spot stent is currently under clinical trial. We expect to receive the NMPA approval in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SPOT STENT SUCCESSFULLY.

9. **Lower Limb Sirolimus DCB** is a sirolimus coated balloon product indicated for PAD. Our lower limb sirolimus DCB’s therapeutic effect has been preliminary validated by the pig coronary model. Our lower limb sirolimus DCB is currently under clinical trial. We expect to receive the NMPA approval in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LOWER LIMB SIROLIMUS DCB SUCCESSFULLY.

Management Discussion and Analysis

10. **Peripheral Scoring Balloon** has a scoring element embedded on the balloon. We have submitted the product registration to the NMPA in 2023 and expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SCORING BALLOON SUCCESSFULLY.

11. **Peripheral IVL System** is an intravascular lithotripsy device mounted on a conventional balloon angioplasty. Energizing the lithotripsy device will generate pulsatile energy to disrupt hard calcium among the lesion, to allow subsequent dilation of stenotic lesion with lower balloon pressure and ultimately to reduce the rate of stent implantation. Our peripheral IVL system is currently under clinical trial. We expect to receive the NMPA approval in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL IVL SYSTEM SUCCESSFULLY.

12. **Peripheral Thrombectomy Device** features a nitinol retrievable stent and is designed to capture the clot in peripheral veins. Our peripheral thrombectomy device is currently under development. We expect to receive the NMPA approval in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL THROMBECTOMY DEVICE SUCCESSFULLY.

13. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. We have submitted the product registration to the NMPA and expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL COIL SUCCESSFULLY.

Devices Targeting Cardiology

As of the end of the Reporting Period, we have five commercialized products, namely Semi-Compliant PTCA Balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®), Coronary CTO Antegrade Micro-Catheter (Vericor-14®), Coronary High-Pressure Balloon (YIYAN (“翼延”)), and Coronary CTO Retrograde Micro-Catheter (Vericor-RS®) and three product candidates in pipeline.

Commercialized Products

1. **Semi-Compliant PTCA Balloon (YAN)** is a product designed for dilation in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. YAN is also indicated for dilation of coronary artery occlusive lesions to restore coronary blood flow of ST-segment elevation myocardial infarction (STEMI) patients. We received the NMPA approval in December 2022. As of June 30, 2024 there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
2. **Coronary CTO Recanalization Balloon (RT-Zero®)** is a high-pressure PTCA balloon with a minimum of 0.85mm balloon diameter and a minimum of 0.0160” crossing profile, indicated for dilation in coronary artery stenosis and chronic total occlusion (CTO) lesion to improve myocardial perfusion for patients with coronary ischemia. We received the NMPA approval in March 2023. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

3. **Coronary CTO Antegrade Micro-Catheter (Vericor-14®)** is intended to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in April 2023. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
4. **Coronary High-Pressure Balloon (YIYAN (“翼延®”))** is designed for dilating in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. We received the NMPA approval in March 2024. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
5. **Coronary CTO Retrograde Micro-Catheter (Vericor-RS®)** is designed to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in March 2024. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in cardiology, primarily including but not limited to Semi-compliant PTCA balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®), Coronary CTO Antegrade Micro Catheter (Vericor-14®), Coronary High-Pressure Balloon (YIYAN (“翼延®”)), and Coronary CTO Retrograde Micro-Catheter (Vericor-RS®)) was approximately RMB117.7 million, representing a period-on-period increase of approximately 30.5%.

Product Candidates in Pipeline

6. **AcoArt Camellia®** is a paclitaxel DCB indicated for the treatment of coronary small vessel diseases (SVD). We have completed clinical trial for AcoArt Camellia® and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART CAMELLIA® SUCCESSFULLY.

7. **Coronary Sirolimus DCB** is a sirolimus DCB indicated for the treatment of bifurcation lesions in coronary arteries. We have initiated an RCT for our coronary sirolimus DCB in January 2021 to evaluate the safety and efficacy of sirolimus DCB in treating bifurcation lesions in coronary arteries. We have completed clinical trial for Coronary Sirolimus DCB and submitted the product registration to the NMPA. We expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SIROLIMUS DCB SUCCESSFULLY.

8. **Coronary IVL System** is an intravascular lithotripsy device mounted on a conventional balloon angioplasty. Energizing the lithotripsy device will generate pulsatile energy to disrupt hard calcium among the coronary lesion, to allow subsequent dilation of stenotic lesion with lower balloon pressure and ultimately to reduce the rate of stent implantation. We expect to receive the NMPA approval in 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY IVL SYSTEM SUCCESSFULLY.

Management Discussion and Analysis

Devices Targeting Nephrology

In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022. We have received approval from NMPA for Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) and AV Scoring Balloon (Peridge®) in April 2023 and January 2024, respectively.

Commercialized Products

1. **Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)** is used in PTA for treating AVF stenosis of hemodialysis patients. We have improved the product design, optimized coating technology and applied new material to enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.
2. **AV Scoring Balloon (Peridge®)** is used for the treatment of stenotic lesions in autologous or synthetic arteriovenous fistulae for hemodialysis. AV Scoring Balloon (Peridge®) provides effective anchoring points and aids in the directed opening of lesions, reducing the incidence and severity of elastic recoil for plaques or proliferative intimal tissue and flow-limiting dissections while dilating the vessel lumen, thereby minimizing excessive vascular injury. We received the NMPA approval for AV Scoring Balloon (Peridge®) in January 2024. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in nephrology, primarily including Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) and AV Scoring Balloon (Peridge®)) was approximately RMB117.7 million, representing a period-on-period increase of approximately 30.5%.

Devices Targeting Neurology

As of the end of the Reporting Period, we have one commercialized product, namely intracranial PTA balloon (NEO-Skater®), and two product candidates in pipeline.

Commercialized Products

1. **Intracranial PTA Balloon (NEO-Skater®)** is an intracranial PTA balloon to improve perfusion of atherosclerotic intracranial arteries, and it has an improved catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment. We received the NMPA approval in December 2022. As of June 30, 2024, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention, vascular access and other products (for other products in neurology, primarily including Intracranial PTA Balloon (NEO-Skater®)) was approximately RMB117.7 million, representing a period-on-period increase of approximately 30.5%.

Product Candidates in Pipeline

2. **AcoArt Daisy®** is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). We completed the subject enrollment of the RCT for our AcoArt Daisy® in 2022 and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART DAISY® SUCCESSFULLY.

3. **AcoArt Verbena® & Vinca®** is a DCB indicated for the treatment of vertebral atherosclerotic stenosis. We completed the subject enrollment of the RCT for AcoArt Verbena® & Vinca® in 2022 and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART VERBENA® & VINCA® SUCCESSFULLY.

Research and Development

We have a strong in-house research and development team. The team is led by Ms. Weijia LI, Mr. Lizhong LU, Ms. Yaze LI and Mr. Scott WILSON.

We have primarily adopted a self-development business model. Our research and development team self-develop most of the key technologies used in our products and product candidates, and we own substantially all the rights pertaining to all our products and product candidates, except that the formula of the excipient used in our DCB products (which we believe is a key differentiating aspect of our products) was licensed from InnoRa GmbH, our business partner. Furthermore, As of June 30, 2024, we had a robust intellectual property portfolio, consisting of 63 registered patents and 38 pending patent applications.

During the Reporting Period, we supplemented our research and development team with technicians in the field of clinical medicine and mechanical engineering, which further improved our talent pool.

Manufacturing

In 2023, we rent a new premise which located in Beijing for the purposes of research, development, testing and manufacturing of medical devices. For details, please refer to the announcement issued by the Company dated March 13, 2023. As of June 30, 2024, our production facility in Beijing has an aggregate gross floor area of approximately 30,800 sq.m., and our production facility in Shenzhen has an aggregate gross floor area of approximately 6,220 sq.m.. As of June 30, 2024, our facility was primarily used for the production of our balloon catheter products (including DCB and PTA products), power-sourced devices and products candidates.

The production capacity, actual production volume and utilization rate for our commercialized balloon catheter products in our manufacturing facility for the Reporting Period is 466,644, 202,811 and 43.5%, respectively. We conduct all the manufacturing process of our balloon catheter products in-house.

Sales and Marketing

Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, and our venous intervention, vascular access and other products. We also sell and market AcoArt Orchid® and AcoArt Tulip® & Litos® in several overseas countries. For the Reporting Period, we generated approximately RMB174.6 million and approximately RMB117.7 million from the sales of our Core Products and our venous intervention, vascular access and other products, respectively, representing a period-on-period increase of approximately 14.2% and approximately 30.5%, respectively, and a substantial portion of such revenue is generated from our sales in China. As our current products and product candidates receive more marketing approvals in countries and regions outside China, we expect to generate more sales from overseas markets.

Management Discussion and Analysis

We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. As of June 30, 2024, we had a strong sales and marketing team with extensive experience in China, thus laying the foundation for the commercialization of our products. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in China through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

Intellectual Property Rights

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As at June 30, 2024, we had 63 registered patents and 154 registered trademarks, as well as 38 pending patent applications and 27 pending trademark applications in China and overseas. There is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

Continuing Connected Transactions

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time. On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time. BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Framework Agreements were duly passed by the Shareholders as ordinary resolutions in the extraordinary general meeting held on August 11, 2023.

For capitalized terms and details, please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023, and the circular of the Company dated July 28, 2023.

Following the signing of the Master Collaboration Agreement and Master Service Agreement, our cooperation with BSC has entered the phase of practical implementation. As of June 30, 2024, pursuant to the Framework Agreements, both parties have entered into distribution agreements for peripheral DCB products (including AcoArt Orchid[®], AcoArt Tulip[®] and AcoArt Litos[®]) in the overseas market. In the Chinese market, distribution agreements have been entered into for products including Semi-compliant PTCA Balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero[®]), Coronary CTO Antegrade Micro-Catheter (Vericor-14[®]), DCB (AcoArt Orchid[®], AVF indication), PTA Balloon (AcoArt Iris[®], AVF indication) and Paclitaxel Coated High-pressure Balloon (ACOART AVENS[®]) in 2023 and distribution agreements have been entered into for AV Scoring Balloon (Peridge[®]) in 2024, which enabled BSC to begin selling our products in domestic market. In the future, we intend to introduce a broader range of products for launch in the domestic market, thereby to enhance the scope of collaboration between the two parties. Furthermore, we are currently progressing with the overseas registration of various products.

Future Development

Our goal is to become a global leader that provides full-suite of interventional solutions for vascular diseases.

Management Discussion and Analysis

Leveraging the synergistic effects from our four core technologies, we will further expand our product offerings. To fuel our long-term growth, we plan to further expand our coverage in the domain of vascular interventional therapies. We plan to cover four therapeutic areas consisting of vascular surgery, cardiology, nephrology and neurology primarily by expanding the indications of our DCB products. We also plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the four therapeutic areas. With a goal to solidify our leading position in the DCB market and enhance our competitiveness in other vascular interventional therapies, we plan to increase our investments in technological innovation to strengthen our research and development capabilities.

We will continue to advance a diversified development path, employing different marketing strategies tailored to varied market demands and product characteristics. For the Core Products, our objective is to sustainably increase the sales of products in hospitals where we have already been admitted. We will continue to implement and enhance a systematic DCB training program to expedite physician education and we will organize patient education activities to enhance the awareness of DCB among Chinese patients, thereby promoting our DCB products. As for venous intervention products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®)), we will continue to expand hospital coverage, particularly targeting more lower-tier city hospitals. In addition, we will provide comprehensive training to physicians to elevate the treatment concepts and surgical proficiency. On July 20, 2023, we have entered into the Framework Agreements with BSG, offering our products the opportunity to gain sales exposure in the global market, furthering the diversification of product revenue.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We expect to broaden our sales and expand our presence globally after entering into the Framework Agreements with BSG.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this interim report.

Revenue

During the Reporting Period, all our revenue was generated from sales of medical devices. Sales of DCB products, our Core Product, have comprised the major portion of our revenue since its first commercialization in China in 2016. Our revenue primarily comprised of the sales of Core Products and venous intervention and vascular access products. We expect to increase our revenue by expanding the indications of our Core Products and enriching our venous intervention and vascular access products in the near future.

The Group's revenue for the six months ended June 30, 2024 was approximately RMB292.3 million, representing an increase of approximately 20.3% compared to approximately RMB243.1 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) an increase in the sales of Core Products from both China market and overseas market, and (ii) an increase in the sales of Peripheral Aspiration System (AcoStream®), which was launched in China in November 2021 and Radiofrequency Ablation System (AcoArt Cedar®), which was launched in China in April 2022. It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the six months ended June 30, 2023. For the six months ended June 30, 2024, revenue from sales of venous intervention, vascular access and other products increased by 30.5% from approximately RMB90.2 million for the six months ended June 30, 2023 to approximately RMB117.7 million for the six months ended June 30, 2024, which accounted for approximately 40.3% of our total revenue, as compared to approximately 37.1% of our total revenue for the six months ended June 30, 2023.

Management Discussion and Analysis

The following table sets forth a breakdown of our revenue:

Revenue	Six months ended June 30, 2024 (Unaudited)		Six months ended June 30, 2023 (Unaudited)	
	RMB'000	Proportion	RMB'000	Proportion
Core Products	174,634	59.7%	152,874	62.9%
AcoArt Orchid® & Dhalia®	142,327	48.6%	126,192	51.9%
AcoArt Tulip® & Litos®	32,307	11.1%	26,682	11.0%
Venous intervention, vascular access and other products	117,705	40.3%	90,189	37.1%
Total	292,339	100.0%	243,063	100.0%

Note: The venous intervention, vascular access and other products primarily including but not limited to PTA balloon products, Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®).

Cost of Sales

The cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the six months ended June 30, 2024 was approximately RMB75.1 million, representing an increase of approximately 56.7% compared to RMB47.9 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) the growth of sales volume for both Core Products, venouse intervention and vascular access products in China market, (ii) the rapid growth of sales volume of Core Products in overseas market.

Gross Profit

As a result of the aforementioned factors, the gross profit of the Group increased by approximately 11.3% from approximately RMB195.1 million for the six months ended June 30, 2023 to approximately RMB217.2 million for the six months ended June 30, 2024, which was mainly driven by the increase of sales volume. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from approximately 80.3% for the six months ended June 30, 2023 to approximately 74.3% for the six months ended June 30, 2024, mainly due to (i) some products have been enrolled in volume-based procurement, which impacted the sales prices, (ii) an increase in sales volume of venous intervention, vascular access and other products which have relatively lower gross profit margin, (iii) an increase in sales volume of Core Products in overseas market with relatively lower sales prices, which in turn led to a decrease in overall gross profit margin.

Other Income

The Group recorded other income for the six months ended June 30, 2024 of approximately RMB19.3 million, representing an increase of approximately 48.7% compared to approximately RMB13.0 million for the six months ended June 30, 2023, primarily attributable to an increase in interest income from bank deposits.

Other Net (Losses)/Gains

The other net (losses)/gains primarily consisted of net foreign exchange (losses)/gain, gains on fair value change of financial assets measured at FVPL and others.

The Group recorded other net losses for the six months ended June 30, 2024 of approximately RMB6.1 million, compared to other net losses approximately RMB7.1 million for the six months ended June 30, 2023. On one hand, there was a net foreign exchange gains of approximately RMB0.3 million for the six months ended June 30, 2024, as compared with the net foreign exchange losses of approximately RMB8.1 million for the six months ended June 30, 2023. On the other hand, there was a RMB6.5 million net loss on disposal of property, plant and equipment and termination of lease contracts for the six months ended June 30, 2024, while RMB0.1 million for the six months ended June 30, 2023.

Selling and Distribution Costs

The Group's selling and distribution costs for the six months ended June 30, 2024 was approximately RMB50.0 million, representing an increase of approximately 10.0% compared to approximately RMB45.5 million for the six months ended June 30, 2023. The increase was mainly driven by the increased market investments in response to the intensifying competition.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2024 was approximately RMB100.5 million, representing an increase of approximately 11.8% compared to approximately RMB89.9 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) an increase in staff cost due to the increased number of R&D staff; and (ii) the increased third-party contracting and consultancy expenses due to the increased investments in the on-going research and development projects. Besides, for the six months ended June 30, 2024, there was RMB12.3 million capitalized development costs for the cost incurred for clinical trials of below-the-knee DCB products in the United States (for the six-month period ended June 30, 2023: nil).

The following table sets forth the components of our research and development expenses for the period indicated.

	Six months ended June 30,			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Employee benefits expense <i>(note)</i>	41,544	41.4%	40,084	44.6%
Third-party contracting and consultancy expenses	28,688	28.6%	20,363	22.6%
Depreciation and amortization	6,391	6.4%	4,015	4.5%
Material consumed	20,594	20.5%	20,336	22.6%
Others	3,242	3.1%	5,079	5.7%
	100,459	100.0%	89,877	100.0%

Note: Employee benefits expense includes share-based compensation.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2024 was approximately RMB33.8 million, representing an decrease of approximately 11.8% compared to approximately RMB38.3 million for the six months ended June 30, 2023. The decrease was primarily attributable to (i) decreased depreciation and amortization expenses due to the new lease of plants and buildings in both Beijing and Shenzhen transferred to function areas after renovation completed and put into use; and (ii) decreased one-time consulting expenses for the voluntary partial cash offer and connected transaction.

Finance Costs

The Group's finance costs for the six months ended June 30, 2024 was approximately RMB6.6 million, representing an increase of approximately 50.6% compared to approximately RMB4.4 million for the six months ended June 30, 2023. The increase was primarily attributable to the increased interest expense on lease liabilities.

Income Tax

The Group's income tax credits for the six months ended June 30, 2024 was approximately RMB18,000, same with the income tax credits of approximately RMB18,000 for the six months ended June 30, 2023.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's total available financial resources, including cash and cash equivalents, time deposits, pledged deposits and other financial assets at fair value as at June 30, 2024 were approximately RMB930.4 million, representing a increase of approximately 5.8% compared to approximately RMB879.4 million (audited) as at December 31, 2023. The increase was primarily attributable to the cash generated from operation activities and financing activities.

We rely on capital contributions by our shareholders and also generate cash from our sales revenue of existing commercialized products, including Core Products, venous intervention, vascular access and other products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion.

To achieve better risk control and minimize the cost of funds, the Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in deposits mostly denominated in U.S. dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

Borrowings and Gearing Ratio

As at June 30, 2024, the Group's total borrowings are interest-bearing bank borrowings which were RMB55.0 million (as at December 31, 2023: RMB10.0 million).

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at June 30, 2024, the gearing ratio of the Group increased to approximately 27.8% from approximately 24.3% as at December 31, 2023. The increase was primarily attributable to the increase of bank loans.

Net Current Assets

As at June 30, 2024, the Group's net current assets was approximately RMB1,113.4 million, representing a increase of approximately 1.7% compared to net current assets of approximately RMB1,094.9 million (audited) as at December 31, 2023.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, trade receivables, other receivables, and trade and other payables are dominated in foreign currencies and are exposed to foreign currency risk. We have carried out some hedging measures to control the foreign exchange risk. As at June 30, 2024, the Group had entered into foreign currency forward contracts to reduce its exposure to fluctuation in foreign exchange rate, with a carrying amount of RMB66,000 under financial assets measured at FVPL (December 31, 2023: nil). These foreign currency forward contracts are not hedge accounted.

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2024, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures (for the six months ended June 30, 2023: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB40.3 million, which was used in (i) purchase of plant and equipment; (ii) proceeds from rental deposits; and (iii) development on intangible assets.

Charge on Assets

As at June 30, 2024, there was no charge on assets of the Group (for the six months ended June 30, 2023: nil).

Contingent Liabilities

As at June 30, 2024, we did not have any contingent liabilities (as at June 30, 2023: nil).

Management Discussion and Analysis

Employees and Remuneration Policies

As of June 30, 2024, we had 615 employees in total. Most of them are based in China.

In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three to five years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

Future Investment Plans and Expected Funding

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.

SUBSEQUENT EVENTS

In June 2024, the Group entered into an agreement with Zhenghong Nova Medical Technology (Shenzhen) Co., Ltd.* (征鴻諾瓦醫療科技(深圳)有限公司) (“**Zhenghong Nova**”) and the other shareholders of Zhenghong Nova. Pursuant to which, the Group agreed to subscribe RMB172,000 registered capital of Zhenghong Nova at a cash consideration of RMB12,000,000, in exchange for 6.1856% of equity interest of Zhenghong Nova. This transaction was completed on July 9, 2024.

Zhenghong Nova is a company incorporated in the PRC and focuses on research and development, and manufacture of coating technology on medical materials and devices.

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the Global Offering and the full exercise of the over-allotment option, after deduction of the underwriting fees and commissions and expenses of the Company in connection with the Global Offering, was approximately RMB1,294.0 million. The Group would apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

* English translation is for identification purpose only.

Management Discussion and Analysis

The table sets forth the utilization of the net proceeds from the Global Offering:

Intended use of proceeds as stated in the Prospectus	Percentage to total amount %	Net proceeds from the IPO RMB'000	Utilized amount during the six months ended June 30, 2024 RMB'000	Utilized amount as at June 30, 2024 RMB'000	Unutilized amount as at June 30, 2024 RMB'000	Expected timeline for unutilized amount
Development and commercialization of our Core Products	32	414,067	52,730	271,881	142,186	Year 2027
Development and commercialization of other 24 Products	23	297,611	57,380	282,133	15,478	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	25,740	90,577	-	Year 2024
Expand our product portfolio through in-house research and development, collaboration, mergers	24	310,550	36,833	135,274	175,276	Year 2027
Working capital and other general corporate purposes	8	103,517	9,740	89,295	14,222	Year 2025
Repay the Loan	6	77,638	-	77,638	-	N/A
Total	100	1,293,960	182,423	946,798	347,162	

The Group will utilise the net proceeds in accordance with the intended purposes as set out in the Prospectus. The Board is not aware of any material change to the planned use of the net proceeds as at the date of this interim report.

INTERIM DIVIDEND

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

Other Information

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 its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairperson and Chief Executive Officer of the Company are held by Ms. Jing LI.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board, (ii) Ms. Jing LI and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Ms. Jing LI is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

CHANGE IN DIRECTORS' AND THE SENIOR MANAGEMENT'S INFORMATION

The changes in information of the Directors and senior management of the Company since the publication date of the 2023 annual report pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Silvio Rudolf SCHAFFNER was re-designated from an executive director and the chief operating officer of the Company to a non-executive director of the Company with effect from June 12, 2024, as he would like to devote more time on his other engagements.

Save as disclosed above, there is no change in the information of the Directors and the senior management of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2023 annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company (%) ⁽¹⁾
Ms. Jing Li ("Ms. Li")	Controlled corporation ⁽²⁾	28,919,456 (L)	9.23% ⁽³⁾
Mr. Silvio Rudolf SCHAFFNER	Beneficial owner	807,078 (L)	0.26%

Notes:

- (1) As at June 30, 2024, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares.
- (2) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023, upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. The voting rights attached to the Shares held by Sino Fame Ventures Limited ("Sino Fame") are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 18,391,016 Shares held by Cosmic Elite Holdings Limited and 10,528,440 Shares held by Sino Fame under the SFO.
- (3) In addition, through Cosmic Elite Holdings Limited, Ms. Li held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

Other Information

Interests in Shares and underlying Shares in Associated Corporations of the Company

Name	Name of Associated Corporations	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in associated corporations [%]
Mr. Arthur Crosswell BUTCHER	Boston Scientific Corporation (“BSC”)	Beneficial owner	384,124 ⁽¹⁾	0.12%
Ms. June CHANG	BSC	Beneficial owner	186,649 ⁽²⁾	0.06%

Notes:

- (1) 20,197 shares of BSC are held by Mr. Arthur Crosswell BUTCHER and 363,927 shares underlying BSC in respect of the share options and awards granted to Mr. Arthur Crosswell BUTCHER under employer-sponsored retirement savings plan, share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.
- (2) 48,533 shares of BSC are held by Ms. June CHANG and 138,116 shares underlying BSC in respect of the share options and awards granted to Ms. June CHANG under share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.

Save as disclosed above, as at June 30, 2024, none of the Directors had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was 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 taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company (%) ⁽¹⁾
Boston Scientific Group plc (“ BSG ”) ⁽²⁾	Beneficial owner	203,702,962 (L)	65%
Target Therapeutics, Inc (“ TTI ”) ⁽²⁾	Interest in controlled corporation	203,702,962 (L)	65%
Guidant Delaware Holding Corporation (“ GDHC ”) ⁽²⁾	Interest in controlled corporation	203,702,962 (L)	65%
Boston Scientific Scimed, Inc. (“ BSS ”) ⁽²⁾	Interest in controlled corporation	203,702,962 (L)	65%
BSC ⁽²⁾	Interest in controlled corporation	203,702,962 (L)	65%
CA Medtech Investment (Cayman) Limited (“ CA Medtech ”) ⁽³⁾	Beneficial owner	29,965,444 (L)	9.56%
CA Medtech Investment II Limited (“ CA Medtech II ”) ⁽³⁾	Interest in controlled corporation	29,965,444 (L)	9.56%
CA Medtech Investment III Limited (“ CA Medtech III ”) ⁽³⁾	Interest in controlled corporation	29,965,444 (L)	9.56%
CPEChina Fund III, L.P. (“ CPEChina Fund III ”) ⁽³⁾	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Funds III Limited (“ CPE Funds III ”) ⁽³⁾	Interest in controlled corporation; interest jointly held with another person	30,581,889 (L)	9.76%
CPE Holdings Limited ⁽³⁾	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Holdings International Limited ⁽³⁾	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE Global Opportunities Fund, L.P. (“ CPE Global Opportunities Fund ”) ⁽³⁾	Interest in controlled corporation	30,581,889 (L)	9.76%
CPE GOF GP Limited (“ CPE GOF ”) ⁽³⁾	Interest in controlled corporation; interest jointly held with another person	30,581,889 (L)	9.76%
Cosmic Elite Holdings Limited (“ Cosmic Elite ”) ⁽⁴⁾	Beneficial owner	25,599,016 (L)	8.17%
Nexus Partners Group Limited ⁽⁴⁾	Interest in controlled corporation	25,599,016 (L)	8.17%
Vistra Trust (Singapore) Trustee Pte. Limited ⁽⁴⁾	Trustee	25,599,016 (L)	8.17%

Notes:

(1) As at June 30, 2024, the Company had issued 313,389,171 Shares in total. The letter “L” denotes the person’s long position in the Shares.

(2) BSG is wholly-owned by TTI, which is indirectly held as to 48.78% by GDHC and 51.22% by BSS. Both GDHC and BSS are wholly-owned by BSC. Pursuant to the announcement of the Company dated January 26, 2023, the voluntary conditional partial cash offer to acquire 203,702,962 Shares (i.e. the maximum number of Shares to be acquired under the Partial Offer) in the issued share capital of the Company has been declared unconditional in all respects. (Capitalised terms used herein have the same meanings as defined in the said announcement.) Therefore, BSC is deemed to be interested in the Shares held by BSG.

Other Information

- (3) CA Medtech is wholly-owned by CA Medtech II and CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF. CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech. CPE Funds III is a wholly-owned subsidiary of CPE Holdings Limited, which is in turn wholly owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited. CA Medtech and CPE Investment Wu Limited accepted the Partial Offer disclosed in the announcement of the Company dated December 12, 2022 and the Partial Offer closed on February, 2023. Pursuant to the announcement of the Company dated February 9, 2023, upon the close of the Partial Offer, CPE Investment Wu Limited held 616,445 Shares. CPE Investment Wu Limited is held as to 85.16% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund. (Capitalised terms used herein have the same meanings as defined in the said announcement.)
- (4) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust [Singapore] Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023 upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. In addition, Cosmic Elite Holdings Limited held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

Save as disclosed above, as at June 30, 2024, the Company had not been notified by any other persons (other than the Directors of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE SCHEMES

Restricted Share Unit Scheme

No restricted Share was granted or agreed to be granted, vested, canceled or lapsed under the restricted share unit scheme (the “**RSU Scheme**”) throughout the Reporting Period, accordingly no Shares may be issued thereunder.

As at January 1, 2024 and June 30, 2024, the scheme mandate limit under the RSU Scheme was 10,128,440 Shares, which were held by Sino Fame and were not granted as restricted share units under the RSU Scheme. No restricted share units were outstanding or unvested under the RSU Scheme as at June 30, 2024.

Share Award Scheme

No award shares were granted, vested, cancelled or lapsed under the share award scheme (the “**Share Award Scheme**”) during the Reporting Period. No award shares were acquired by the Trust from the market during the Reporting Period. As at January 1, 2024 and June 30, 2024, the maximum number of award shares made pursuant to the Share Award Scheme was 31,338,917 Shares. No award shares were outstanding under the Share Award Scheme as at June 30, 2024.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company’s listed securities or sold any treasury Shares (as defined under Listing Rules). As at June 30, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

AUDIT COMMITTEE

The Audit Committee had, together with the Board, reviewed the accounting standards and practices adopted by the Group, the interim results for the Reporting Period and this interim report.

INDEPENDENT REVIEW OF AUDITOR

The interim financial report for the six months ended June 30, 2024 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No.2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this interim report.

On behalf of the Board
Ms. Jing LI
Chairperson of the Board

Hong Kong, August 30, 2024

Independent Auditor's Review Report



REVIEW REPORT TO THE BOARD OF DIRECTORS OF ACOTEC SCIENTIFIC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 30 to 57 which comprises the consolidated statement of financial position of Acotec Scientific Holdings Limited (the "Company") as of June 30, 2024 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Date: August 30, 2024

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024 - unaudited

[Expressed in Renminbi ("RMB")]

	Note	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
Revenue	4	292,339	243,063
Cost of sales		(75,129)	(47,947)
Gross profit		217,210	195,116
Other income	5	19,335	13,002
Other net losses	6	(6,053)	(7,124)
Selling and distribution costs		(49,999)	(45,463)
Administrative expenses		(33,786)	(38,310)
Research and development expenses		(100,459)	(89,877)
Profit from operations		46,248	27,344
Finance costs	7(a)	(6,562)	(4,357)
Share of profit / (loss) of an associate		253	(636)
Profit before taxation	7	39,939	22,351
Income tax credits		18	18
Profit for the period		39,957	22,369
Attributable to:			
Equity shareholders of the Company		39,957	22,369
Profit for the period		39,957	22,369
Earnings per share	8		
Basic (RMB)		0.13	0.07
Diluted (RMB)		0.13	0.07

The notes on pages 38 to 57 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024 - unaudited

(Expressed in RMB)

	Six months ended June 30,	
	2024	2023
Note	RMB'000	RMB'000
Profit for the period	39,957	22,369
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities with functional currencies other than RMB	372	1,521
Other comprehensive income	372	1,521
Total comprehensive income for the period	40,329	23,890
Attributable to:		
Equity shareholders of the Company	40,329	23,890
Total comprehensive income for the period	40,329	23,890

The notes on pages 38 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2024 - unaudited

(Expressed in RMB)

		At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment	9	134,751	124,940
Right-of-use assets	9	192,500	214,396
Intangible assets	9	16,954	4,402
Goodwill		1,150	1,150
Interest in an associate		20,716	20,463
Financial assets measured at fair value through profit or loss ("FVPL")	10	14,636	10,743
Deposits paid for acquisition of property, plant and equipment		15,393	13,732
Rental deposits		8,541	10,107
		404,641	399,933
Current assets			
Derivative financial instruments		66	-
Inventories	11	141,487	150,958
Trade receivables	12	147,564	143,643
Bills receivables	13	44,967	-
Prepayments, deposits and other receivables	14	39,650	37,115
Other financial assets	15	21,482	-
Pledged deposits		3,199	200
Time deposits	16	206,700	241,581
Cash and cash equivalents	17	699,030	637,627
		1,304,145	1,211,124
Current liabilities			
Trade and other payables	18	93,156	76,434
Contract liabilities	19	18,900	3,873
Bank loans	20	54,967	10,000
Lease liabilities		23,703	25,938
		190,726	116,245
Net current assets		1,113,419	1,094,879
Total assets less current liabilities		1,518,060	1,494,812

The notes on pages 38 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2024 - unaudited

(Expressed in RMB)

	Note	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Non-current liabilities			
Lease liabilities		180,996	198,059
Deferred tax liabilities		207	225
		181,203	198,284
NET ASSETS		1,336,857	1,296,528
CAPITAL AND RESERVES			
Share capital		20	20
Reserves		1,336,837	1,296,508
Total equity attributable to equity shareholders of the Company		1,336,857	1,296,528
TOTAL EQUITY		1,336,857	1,296,528

Approved and authorised for issue by the board of directors on August 30, 2024.

	}	
Jing Li	}	
	}	
	}	Directors
	}	
Silvio Rudolf SCHAFFNER	}	
	}	

The notes on pages 38 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 - unaudited

(Expressed in RMB)

	Note	Shares held										Total equity	
		Share capital	Share premium	Share award scheme	Shares held under RSU Scheme	Share based payments reserve	Capital reserve	Statutory reserve	Exchange reserve	Other reserve	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023		20	1,370,078	(16,560)	(1)	48,607	172,495	2,500	62	(102,419)	(198,693)	1,276,089	
Changes in equity for the six months ended June 30, 2023:													
Profit for the period		-	-	-	-	-	-	-	-	-	22,369	22,369	
Other comprehensive income		-	-	-	-	-	-	-	1,521	-	-	1,521	
Total comprehensive income		-	-	-	-	-	-	-	1,521	-	22,369	23,890	
Equity settled share-based transactions	21(a)	-	-	-	-*	5,260	-	-	-	-	-	5,260	
Balance at June 30, 2023 and July 1, 2023		20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	1,583	(102,419)	(176,324)	1,305,239	
Changes in equity for the six months ended December 31, 2023:													
Loss for the period		-	-	-	-	-	-	-	-	-	(7,882)	(7,882)	
Other comprehensive income		-	-	-	-	-	-	-	(829)	-	-	(829)	
Total comprehensive income		-	-	-	-	-	-	-	(829)	-	(7,882)	(8,711)	
Balance at December 31, 2023		20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	754	(102,419)	(184,206)	1,296,528	

* The balance represents an amount less than RMB1,000.

The notes on pages 38 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 - unaudited
(Expressed in RMB)

	Share capital		Shares held for share award scheme		Shares held under RSU Scheme		Share based payments reserve		Capital reserve	Statutory reserve	Exchange reserve	Other reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at December 31, 2023 and January 1, 2024	20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	754	(102,419)	(184,206)	1,296,528			
Changes in equity for the six months ended June 30, 2024:														
Profit for the period	-	-	-	-	-	-	-	-	-	39,957				39,957
Other comprehensive income	-	-	-	-	-	-	-	372	-	-				372
Total comprehensive income	-	-	-	-	-	-	-	372	-	39,957				40,329
Balance at June 30, 2024	20	1,370,078	(16,560)	(1)	53,867	172,495	2,500	1,126	(102,419)	(144,249)	1,336,857			

The notes on pages 38 to 57 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2024 – unaudited

(Expressed in RMB)

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Operating activities		
Cash generated from operations	50,140	9,918
Net cash generated from operating activities	50,140	9,918
Investing activities		
Proceeds from the settlement of/(payment of) rental deposits	439	(5,206)
Payments for the purchase of property, plant and equipment and intangible assets	(28,376)	(25,733)
Proceeds from sale of property, plant and equipment	50	–
Payment for the capitalized development project	(12,314)	–
Payment for purchase of financial assets measured at FVPL	(1,417)	(6,565)
Increase in pledged bank deposits	(2,999)	–
Decrease in time deposits	39,896	–
Payment for purchase of other financial assets	(21,320)	–
Payment for investment in an associate	–	(5,512)
Interest received	10,377	8,468
Net cash used in investing activities	(15,664)	(34,548)
Financing activities		
Proceeds from bank loans	44,967	20,000
Repayment of a bank loan	–	(20,000)
Interest paid	(1,552)	(308)
Capital element of lease rentals paid	(11,881)	(9,825)
Interest element of lease rentals paid	(4,979)	(4,049)
Net cash generated from/(used in) financing activities	26,555	(14,182)

The notes on pages 38 to 57 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2024 – unaudited
(Expressed in RMB)

	Note	Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
Net increase/(decrease) in cash and cash equivalents		61,031	(38,812)
Cash and cash equivalents at the beginning of period	17	637,627	986,455
Effects of foreign exchange rates changes		372	136
Cash and cash equivalents at the end of period	17	699,030	947,779

The notes on pages 38 to 57 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Acotec Scientific Holdings Limited (the “Company”) was incorporated in the Cayman Islands on December 3, 2020, as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong limited (the “HKEX”) with effect from August 24, 2021. The Company and its subsidiaries (collectively as the “Group”) are principally engaged in research and development on providing treatment solutions for vascular diseases. The principal place of business of the Group is located at 4-5/F., Building No.1, No.16 North Hongda Road, Beijing Economic-Technological Development Area, Beijing, the People’s Republic of China (the “PRC”).

2 BASIS OF PREPARATION

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on August 30, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 29.

The financial information relating to the financial year ended December 31, 2023 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the research and development on providing treatment solutions for vascular diseases.

(a) Disaggregation of revenue

(i) Disaggregation of revenue from contracts with customers is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Type of goods		
– Core products*	174,634	152,874
– Venous intervention, vascular access and other products	117,705	90,189
	292,339	243,063
Type of customers		
– Domestic distributors	276,660	232,673
– Domestic hospitals	3,746	4,301
– Oversea customers	11,933	6,089
	292,339	243,063

* The core products represent the drug-coated balloons (“DCB”) products.

The Group mainly sells core products and other medical devices to its distributors. During the six months ended June 30, 2024 and 2023, the revenue is recognized at a point in time when the customers obtain the control of products, i.e. upon the receipts of the products by the distributors.

Based on the Group’s sales contracts with the distributors, except the right to exchange for certain unsold products with expiry date less than six months, they can only return or request for refund if the product delivered to them does not meet the pre-specified quality requirement, otherwise, the Group does not accept product returns without the management’s consent.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue *(continued)*

(i) Disaggregation of revenue from contracts with customers is as follows: *(continued)*

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Customer A	50,129	102,122
Customer B	134,582	51,918
Customer C	55,259	35,696
	239,970	189,736

(ii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, rental deposits and deposits paid for acquisition of property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, rental deposit, right-of-use assets and deposits paid for acquisition of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue *(continued)*

(ii) Geographical information *(continued)*

Revenue from external customers

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Chinese Mainland	280,406	236,974
Europe	33	2,376
Other countries and regions	11,900	3,713
	292,339	243,063

Specified non-current assets

	At	At
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Chinese Mainland	356,117	356,480
United States of America ("United States")	12,022	11,097
	368,139	367,577

(b) Segment reporting

For the purpose of resource allocation and assessment of segment performance, the management of the Group, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Government grants (Note)	2,982	4,301
Interest income	15,554	8,468
Others	799	233
	19,335	13,002

Note:

Government grants mainly include subsidies granted from local government to reward the Group's contribution to the local economy and encourage technology innovation.

As at the end of the reporting period, there was no unfulfilled condition or other contingency attaching to the government grants that had been recognized by the Group.

6 OTHER NET LOSSES

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Net foreign exchange gains/(losses)	285	(8,086)
Net (losses)/gains on disposal of property, plant and equipment and termination of lease contracts	(6,452)	55
Gains on fair value change of financial assets measured at FVPL	2,476	178
Others	(2,362)	729
	(6,053)	(7,124)

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
(a) Finance costs		
Interest expenses on bank loans	488	183
Interest expenses on lease liabilities	4,979	4,049
Others	1,095	125
	6,562	4,357

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
(b) Other items		
Depreciation and amortization		
– property, plant and equipment	9,168	7,127
– right-of-use assets	15,305	13,437
– intangible assets	359	405
Cost of inventories recognized as expenses*	64,205	38,950
Royalty fees (included in cost of sales)	10,924	8,997
Provision for write-down of inventories	1,633	286
Research and development expenses [#]	112,773	89,877
Less: expenses capitalized into intangible assets (Note 9(c))	(12,314)	–
	100,459	89,877

* Cost of inventories recognized as expenses includes amounts relating to depreciation and amortization expenses and provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

[#] Research and development expenses includes amounts relating to depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB39,957,000 (six months ended June 30, 2023: RMB22,369,000) and the weighted average of 301,256,731 ordinary shares (six months ended June 30, 2023: 300,890,064 shares) in issue during the six months ended June 30, 2024.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the six months ended June 30, 2024 and 2023. The calculated diluted earnings per share equals the basic earnings per share for the six months ended June 30, 2024 and 2023.

9 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

(a) Right-of-use assets

During the six months ended June 30, 2024, the Group entered into new lease agreements in respect of lease of premises, and therefore recognized additions to right-of-use assets of RMB4,092,000 (six months ended June 30, 2023: RMB200,432,000). Apart from that, items of right-of-use assets with a net book value of RMB10,684,000 (six months ended June 30, 2023: RMB1,007,000) were terminated during the six months ended June 30, 2024, resulting in a gain on lease termination of RMB826,000 (six months ended 30 June 2023: a gain on lease termination of RMB56,000).

(b) Property, plant and equipment

During the six months ended June 30, 2024, the Group acquired items of property, plant and equipment at a cost of RMB26,139,000 (six months ended June 30, 2023: RMB25,289,000). Apart from that, items of property, plant and equipment with a net book value of RMB7,328,000 were disposed of during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB1,000), resulting in a loss on disposal of RMB7,278,000 (six months ended June 30, 2023: a loss on disposal of RMB1,000).

(c) Intangible assets

During the six months ended June 30, 2024, the increase in intangible assets mainly represented the additions of the capitalized development costs with an amount of RMB12,314,000 (six-month period ended 30 June 2023: nil) for the cost incurred for clinical trials of below-the-knee DCB products in the United States.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Financial assets measured at FVPL		
– Unlisted units in investment funds	14,636	10,743

On September 30, 2022, the Company and Trumed Health Innovation Fund GP Limited (as the general partner and fund manager) conditionally entered into the Subscription Agreement in relation to the investment in Trumed Health Innovation Fund LP (“Trumed Fund”), a Cayman Islands exempted limited partnership. Under the Subscription Agreement, the capital contribution by the Company as a limited partner will be USD5 million. The primary objective of the Trumed Fund is investments in equity interest of entities in the healthcare industry mainly in the PRC. As of December 31, 2023, the Group made capital contribution of USD1,950,000 (RMB13,700,000 equivalent) and the remaining commitment was USD3,050,000 (RMB21,126,000 equivalent).

During the six months ended June 30, 2024, the Group made an additional capital contribution of USD200,000 (RMB1,417,000 equivalent). As of June 30, 2024, the total capital contribution paid was USD2,150,000 (RMB15,324,000 equivalent) and the remaining capital commitment was USD2,850,000 (RMB20,310,000 equivalent).

The analysis on the fair value measurement of the Group’s above financial assets is disclosed in Note 23.

11 INVENTORIES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Raw materials	76,366	89,577
Work in progress	16,453	8,125
Finished goods	51,480	54,435
	144,299	152,137
Write down of inventories	(2,812)	(1,179)
	141,487	150,958

During the six months ended June 30, 2024, the Group provided a write-down of inventories of RMB1,633,000 (six months ended June 30, 2023: RMB286,000) against those inventories with net realizable value lower than carrying value. The write-down is included in cost of sales in the consolidated statement of profit or loss.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

12 TRADE RECEIVABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade receivables	147,813	143,892
Less: loss allowance	(249)	(249)
	147,564	143,643

All of the trade receivables are expected to be recovered within one year.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Within 3 months	145,406	117,164
3 to 6 months	1,973	25,700
6 to 12 months	185	779
	147,564	143,643

13 BILLS RECEIVABLES

As at June 30, 2024, bills receivables of RMB44,967,000 represent bank acceptance bills with expiration dates within 12 months.

The balance did not include those undue discounted notes of RMB109,302,000, as the management was of the opinion that all the risks and rewards of these notes were substantially transferred under relevant regulations and were therefore derecognized from the consolidated financial statement at June 30, 2024.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At	At
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Prepayment for purchase of goods and services	25,667	15,936
Value added tax recoverable	8,179	7,362
Individual income tax paid by the Group on behalf of employees	5,531	5,531
Subsidy receivable	–	7,773
Other deposits and receivables	273	513
	39,650	37,115

15 OTHER FINANCIAL ASSETS

During the six months ended June 30, 2024, the Group invested in a bond product, with a principal of USD3,000,000 (RMB21,482,000 equivalent) with an interest rate of 5.68% per annum and maturity period of six months at acquisition.

16 TIME DEPOSITS

As at 30 June, 2024, time deposits of RMB206,700,000 (2023: RMB241,581,000) in the consolidated statement of financial position represent bank deposits that are more than 3 months of maturity at acquisition.

The time deposits balances carry a fixed interest rate within 3.5%~4.97% (2023: 4.86%~5.58%) as at June 30, 2024.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Cash on hand	36	20
Cash at bank	698,994	637,607
Cash and cash equivalents	699,030	637,627

As of the end of the reporting period, cash and cash equivalents situated in Chinese Mainland amounted to RMB362,147,000 (2023: RMB514,825,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

18 TRADE AND OTHER PAYABLES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Trade payables	30,040	19,288
Accrued expenses		
– research and development expenses	5,171	675
– selling and distribution expenses	6,451	3,553
– salaries and bonus	27,093	27,727
– legal and professional fees	1,316	1,939
Value added tax and other taxes payable	17,264	14,083
Other payables	5,821	9,169
Total trade and other payables	93,156	76,434

All of the trade and other payables are expected to be settled within one year.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

18 TRADE AND OTHER PAYABLES *(continued)*

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Within 3 months	24,687	16,120
3 to 6 months	3,484	1,980
6 to 12 months	1,869	1,188
	30,040	19,288

19 CONTRACT LIABILITIES

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Contract liabilities arising from sales of goods	16,306	141
Contract liabilities arising from incentive programme	-	1,273
Contract liabilities arising from sales with a right to exchange (Note)	2,594	2,459
	18,900	3,873

Note: Certain sales contracts with distributors allow products exchanges for unsold products with expiry date less than six months. The Group recognizes the contract liabilities arising from sales with a right to exchange based on historical sales information.

Revenue recognised during the six months ended June 30, 2024 related to carried-forward contract liabilities amounted to RMB3,873,000 (six months ended June 30, 2023: RMB12,433,000).

All of the contract liabilities are expected to be recognized as income within one year.

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20 BANK LOANS

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Unsecured bank loans	54,967	10,000

As at June 30, 2024 and December 31, 2023, the unsecured bank loans carried interest at annual rates of 1.50%~2.35% per annum, and were all repayable within one year.

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Restricted share unit scheme

On January 8, 2021, the Board of Directors approved the restricted share unit scheme (the "RSU scheme") and issued 12,228,440 ordinary shares to Sino Fame Ventures Limited, which was established for the purpose of holding shares for granting to the employees.

On June 15, 2023, the Group granted additional 400,000 restricted shares to employees without vesting conditions at nil consideration, which were vested immediately on the same date.

For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss and accumulated in share-based payments reserve. The fair value of the granted restricted shares was determined based on the market value of the Company's shares at the grant date. The effect under the RSU scheme transactions of RMB5,260,000 was charged to the Group's profit or loss during the six months ended June 30, 2023.

As at June 30, 2024, 10,128,440 ordinary shares were held by Sino Fame Ventures Limited and were not granted and no restricted shares were outstanding under the RSU Scheme.

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(Expressed in RMB unless otherwise indicated)

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(b) Share award scheme

On December 31, 2021, the board of directors approved the Company to adopt a share award scheme (“share award scheme”) to eligible employees to provide them with incentives in order to retain them for the continual operation and development of the Group. The share award scheme will initially be valid and effective for a period of ten years commencing on the adoption date. The total number of the award shares made pursuant to the share award scheme shall not exceed 10% of the total number of issued shares as at the adoption date.

Pursuant to the share award scheme, the award shares will be satisfied by existing shares to be acquired and held by a trust constituted by the Company (the “Trust”) through on-market transactions at the average prevailing market price, and the Company appointed an independent trustee, Trident Trust Company (HK) Limited (the “Trustee”) acted as the administrator of the Company’s Scheme.

The Trust acquired 2,004,000 award shares from the market at an average prevailing market price of approximately HKD9.94 (equivalent to approximately RMB8.26) per share for the year ended December 31, 2022. No shares were granted, vested, cancelled or lapsed under the share award scheme during the six months ended June 30, 2024 and 2023.

The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group’s consolidated statement of financial position and the ordinary shares held for the share award scheme were regarded as treasury shares and presented as a deduction in equity as “Shares held for share award scheme”. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the treasury shares. Consideration paid or received is recognised directly in equity.

22 DIVIDENDS

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

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted units in investment funds which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

	Fair value at June 30, 2024	Fair value measurement at June 30, 2024 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets measured at FVPL				
- Unlisted units in investment funds	14,636	-	-	14,636
Derivative financial instruments				
- Foreign currency forward contracts	66	-	66	-

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

	Fair value at	Fair value measurement at		
	December 31, 2023	December 31, 2023 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets measured at FVPL				
- Unlisted units in investment funds	10,743	-	-	10,743

During the six months ended June 30, 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward currency forward contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Information about Level 3 fair value measurements

The fair value of unlisted units in investment funds have been estimated using market approach by reference to the trade price of each underlying portfolio companies invested by the funds. A valuation analysis of changes in fair value of each fund is prepared by the fund manager, Trumed Health Innovation Fund GP Limited, to the Company at each reporting date.

The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at June 30, 2024, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the period by RMB732,000 (As at December 31, 2023: RMB537,000).

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

Information about Level 3 fair value measurements *(continued)*

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	At June 30, 2024 RMB'000	At June 30, 2023 RMB'000
Financial assets measured at FVPL		
At January 1,	10,743	7,260
Purchases	1,417	6,565
Unrealized gains during the period	2,476	178
At June 30,	14,636	14,003

24 CAPITAL COMMITMENTS

Capital commitments outstanding at June 30, 2024 and not provided for in the interim financial report were as follows:

	At June 30, 2024 RMB'000	At December 31, 2023 RMB'000
Contracted for	26,907	41,867
Investment in Trumed Fund	20,310	21,126
Acquisition of property, plant and equipment	6,597	20,741
	26,907	41,867

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25 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2024 and 2023, the directors are of the view that the names and relationships of the related parties that had other material transactions with the Group are as following:

Name of party	Relationship
Boston Scientific Corporation (“BSC”) #	The ultimate controlling party of the Group
Boston Scientific International Sdn. Bhd., Malaysian private Co., Ltd. #	Subsidiary of BSC
Boston Scientific Medical Technology (Shanghai) Co., Ltd. # (Chinese name as 波士頓科學醫療科技(上海)有限公司)	Subsidiary of BSC
InnoRa GmbH	A company controlled by the son of the Group’s chief technology officer

BSC and its subsidiaries (excluding the Group) are herein referred to as “BSC Group”.

(i) Material related party transactions

	Six months ended June 30,	
	2024	2023
	RMB’000	RMB’000
Royalty fees to InnoRa GmbH	8,781	7,331
Sales to BSC Group	15,018	–

(ii) Material related party balances

	At	At
	June 30,	December 31,
	2024	2023
	RMB’000	RMB’000
Trade payables to InnoRa GmbH	5,364	5,437
Trade receivables from BSC Group	5,308	1,740

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26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In June 2024, the Group entered into an agreement with Zhenghong Nova Medical Technology (Shenzhen) Co., Ltd.* (“Zhenghong Nova”, Chinese name as 征鴻諾瓦醫療科技(深圳)有限公司) and the other shareholders of Zhenghong Nova. Pursuant to which, the Group agreed to subscribe RMB172,000 registered capital of Zhenghong Nova at a cash consideration of RMB12,000,000, in exchange for 6.1856% of equity interest of Zhenghong Nova. This transaction was completed on July 9, 2024.

Zhenghong Nova is a company incorporated in Chinese Mainland and focuses on research and development, and manufacture of coating technology on medical materials and devices.

* English translation is for identification purpose only.

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“AVF”	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
“Board”	the board of Directors
“BSC”	Boston Scientific Corporation, a Delaware corporation and a company listed on the New York Stock Exchange (Stock Code: BSX)
“BSC Group”	BSC and its subsidiaries but excluding the Group
“BSG”	Boston Scientific Group plc, a public limited company incorporated under the laws of the Republic of Ireland and wholly-owned by BSC, which is the Controlling Shareholder of the Company
“CE Marking”	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 contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
“Core Product(s)”	AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, the designated “core product” as defined under Chapter 18A of the Listing Rules
“DCB”	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
“Director(s)”	the director(s) of the Company or any one of them

“FDA”	the U.S. Food and Drug Administration
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IDE”	investigational device exemption, an approval granted by the FDA that allows a medical device to be used in a clinical research study that involves human subjects or human specimens
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“KOLs”	acronym for Key Opinion Leaders; refers to renowned physicians that are able to influence their peers’ medical practice
“Listing”	the listing of the Shares on the Main Board of 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)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“NMPA”	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
“PAD”	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
“Prospectus”	the prospectus of the Company dated August 12, 2021

Definitions

“PTA”	percutaneous transluminal angioplasty, a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
“RCT”	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions. One of these interventions is the standard of comparison or control
“Reporting Period”	the six months ended June 30, 2024
“RMB”	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 nominal value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Fame”	Sino Fame Ventures Limited, a company incorporated under the laws of the British Virgin Islands with limited liability for the purpose of holding Shares for grant under the Restricted Share Unit Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	a trust constituted by the Company to service the Share Award Scheme
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“vasculogenic ED”	vasculogenic erectile dysfunction, the inability to achieve and maintain an erection due to defects in the blood flow
%	per cent