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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6669)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

FINANCIAL SUMMARY

	Six months ended June 30, 2021 (Unaudited) *RMB'000*	Six months ended June 30, 2020 (Unaudited) *RMB'000*	%
Revenue	**140,195**	68,066	106.0%
Gross profit	**123,677**	56,580	118.6%
(Loss)/profit before tax	**(6,590)**	18,195	(136.2%)
(Loss)/profit for the period	**(12,536)**	17,260	(172.6%)
(Loss)/profit attributable to owners of the Company	**(12,536)**	17,308	(172.4%)
(Loss)/earning per share attributable to ordinary equity holders of the Company, Basic and diluted *(RMB Yuan)*	**(0.06)**	0.11	(154.5%)
Adjusted net profit for the period	**37,966**	17,260	120.0%

The Board is pleased to announce the unaudited consolidated results of the Group for the Reporting Period. The content of this interim results announcement has been prepared in accordance with applicable disclosure requirements under the Listing Rules in relation to preliminary announcements of interim results, and has been prepared in accordance with the IFRS. Such interim results have also been reviewed and confirmed by the Board and the Audit Committee. Unless otherwise stated, the financial data of the Company are presented in RMB.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Six months ended	
		June 30,	June 30,
	NOTES	**2021**	2020
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**140,195**	68,066
Cost of sales		**(16,518)**	(11,486)
Gross profits		**123,677**	56,580
Other income	*5*	**3,728**	201
Other gains and losses, net	*6*	**1,577**	445
Impairment losses under expected credit loss model, net of reversal		**760**	(284)
Selling and distribution expenses		**(28,517)**	(13,925)
Research and development expenses		**(61,375)**	(14,343)
Administrative expenses		**(27,019)**	(10,023)
Listing expenses		**(17,146)**	–
Finance costs		**(2,275)**	(456)
(Loss) profit before tax		**(6,590)**	18,195
Income tax expense	*7*	**(5,946)**	(935)
(Loss) profit and total comprehensive (expense) income for the period	*8*	**(12,536)**	17,260
(Loss) profit and total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(12,536)**	17,308
Non-controlling interest		**–**	(48)
		(12,536)	17,260
(Loss) earning per share:	*10*		
– Basic *(RMB Yuan)*		**(0.06)**	0.11
– Diluted *(RMB Yuan)*		**(0.06)**	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	NOTES	**June 30, 2021** ***RMB'000*** **(unaudited)**	December 31, 2020 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*11*	**27,870**	22,655
Right-of-use assets	*11*	**18,488**	19,947
Intangible assets		**2,144**	2,000
Rental deposit		**2,016**	1,834
Deposits paid for acquiring property, plant and equipment		**5,494**	2,188
Deferred tax assets		**5,082**	4,926
Goodwill		**1,150**	1,150
		62,244	54,700
Current assets			
Inventories		**30,906**	28,538
Trade and bill receivables	*12*	**41,346**	29,518
Prepayments, deposits and other receivables		**17,252**	9,599
Amount due from a shareholder		**–**	227
Amount due from a preferred shareholder		**–**	3,262
Bank balances and cash		**20,706**	147,097
Pledged bank deposits		**1,750**	–
		111,960	218,241
Current liabilities			
Trade and other payables	*13*	**45,104**	35,746
Dividend payable	*9*	**–**	326,245
Contract liabilities		**10,724**	8,432
Tax payable		**6,804**	6,511
Provisions		**1,511**	1,511
Lease liabilities		**6,508**	5,679
Bank borrowings	*14*	**142,742**	20,000
		213,393	404,124
Net current liabilities		**(101,433)**	(185,883)
Total assets less current liabilities		**(39,189)**	(131,183)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT JUNE 30, 2021

	NOTES	**June 30, 2021** ***RMB'000*** **(unaudited)**	December 31, 2020 *RMB'000* (audited)
Capital and deficits			
Share capital	*15*	**15**	14
Deficits		**(290,991)**	(281,023)
Total net deficits		**(290,976)**	(281,009)
Non-current liabilities			
Lease liabilities		**13,914**	15,736
Preferred shares		**237,561**	133,760
Deferred tax liabilities		**312**	330
		251,787	149,826
		(39,189)	(131,183)

1. GENERAL

Acotec Scientific Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands on December 3, 2020. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong limited (the "HKEX") with effect from August 24, 2021.

The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is 4-5/F., Building No. 1, No.16 Hongda Road North, Beijing Economic-Technological Development Area, Beijing, the PRC.

The Company is an investment holding company and the Company became the holding company of the entities now comprising the Company and its subsidiaries (collectively referred as the "Group") upon completion of the group reorganisation (as set out in note 2). The Group is principally engaged in research and development of Percutaneous Transluminal Angioplasty ("PTA") balloons and drug-coated balloons ("DCB") products.

The condensed consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and conventions applicable for group reorganisation as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEX.

Pine Medical Limited was the holding company of the Group prior to the group reorganisation. On December 28, 2020, CA Medtech Investment (Cayman) Limited ("CA Medtech"), the immediate holding company of Pine Medical Limited, transferred the entire 12,000,000 ordinary shares it then held in Pine Medical Limited to the Company. As consideration for the share transfer, the Company issued 164,610,521 new ordinary shares to CA Medtech at the same date. Upon completion of such share exchange, the Company became the holding company of the Group and Pine Medical Limited became a wholly owned subsidiary of the Company. The Group comprising the Company and its subsidiaries resulting from this Group Reorganisation is regarded as a continuing entity. On December 29, 2020, CA Medtech repurchased 42,720,647, 4,272,065, 2,000,000 of its shares granted to a company controlled by the general manager of the Group, the chief operating officer of the Group and a company controlled by the chief medical officer. As consideration for the repurchased shares, the Company issued 42,720,647, 4,272,065, 2,000,000 of its ordinary shares to these parties, respectively, on the same date.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the six months ended June 30, 2020 have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence during the six months ended June 30, 2020, or since their respective dates of incorporation/establishment or acquisition, where it is a shorter period.

As at June 30, 2021, the Group had net current liabilities of RMB101,433,000 and net liabilities of RMB290,976,000. After taking into account of net proceeds received from global offering of the Company on August 24, 2021, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for a period of twelve months from the date of issuance of the condensed consolidated financial statements and it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the underlying consolidated financial statements for the preparation of the accountants' report included in the prospectus of the Group dated August 12, 2021.

4. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods in the following product lines:

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PTA balloons	**1,863**	1,387
DCB	**138,300**	66,679
Others	**32**	–
Total	**140,195**	68,066

The Group sells PTA balloons and DCB to its distributors and Platform Distributors (defined below).

Platform distributors are direct counter-parties and function as intermediary companies that purchase, store and resell products to hospitals and/or medical centers through their sub-distributors, helping the Group realise a relatively centralised management of a large number of sub-distributors.

Sales to distributors

The Group normally requests 50%-100% advances from distributors upon signing sales agreements or placing orders. Revenue is recognised at a point in time upon the receipts of the products by the distributors.

Sales to Platform Distributors

The Group normally requests 50%-100% deposits prior to the delivery of the products to the Platform Distributors.

Additional goods will be awarded to Platform Distributors' customers with nil consideration when Platform Distributors' customers have made cumulative amount of purchases within three months. Additional goods are normally provided based on 3%-5% of the purchase amounts made by these customers. The Group estimates the amounts of consideration to which it will be entitled for the additional goods using the expected value method and the consideration is then deferred as contract liabilities.

Sales returns

Based on the Group's sales contracts with the distributors and Platform Distributors, 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 or exchanges without the management's consent.

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of the products as the Group's contract has an original expected duration of less than one year.

Segment information

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.

Geographical information

All of the Group's non-current assets are located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the customers.

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China	**136,933**	65,698
Europe	**2,328**	2,020
Others	**934**	348
	140,195	68,066

5. OTHER INCOME

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants *(Note)*	**3,698**	178
Interest income from bank deposits	**30**	23
	3,728	201

Note:

Government grants mainly represent (i) rebates granted with reference to taxes paid by Tianjin Xianruida Medical Technology Co., Ltd., a subsidiary of the Company during the interim period and (ii) subsidies received from the People's Government of Beijing Municipality to support enterprises in stabilizing employment. There is no condition attached or contingencies relating to the grants.

6. OTHER GAINS AND LOSSES, NET

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gain on fair value change of financial assets measured at fair value through profit or loss	**19**	251
Loss on fair value change of preferred shares	**(268)**	–
Net exchange gain	**1,828**	186
(Loss) gain on disposal of property, plant and equipment	**(1)**	8
Others	**(1)**	–
	1,577	445

7. INCOME TAX EXPENSE

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current enterprise income tax	**6,121**	2,585
Deferred tax	**(175)**	(1,650)
	5,946	935

No Hong Kong profits tax was provided for as there was no estimated assessable profits that was subject to Hong Kong profits tax during the six months ended June 30, 2021 and 2020.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended June 30, 2021 and 2020.

Acotec Scientific Co., Ltd. has been accredited as a "New and High Technical Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities in August 2017 and December 2020 for a term of three years from 2017 to 2019 and from 2020 to 2022, respectively. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise is subject to income tax at a tax rate of 15%.

Pursuant to Caishui [2016] No. 52 issued by the State Council of PRC, with effect from May 1, 2016, Acotec Scientific Co., Ltd is accredited as a "Social Welfare Entity", an amount equivalent to the total salaries paid to staff with physical disability is further deducted from the taxable income.

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	June 30, 2021	June 30, 2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	**2,688**	1,896
Other staff costs		
– Salaries, bonus and other benefits	**36,963**	19,454
– Retirement benefits scheme contributions	**2,498**	242
– Share-based payments	**33,356**	–
Total staff costs	**75,505**	21,592
Capitalised in inventories	**(6,477)**	(3,579)
	69,028	18,013
Analysed as:		
Charged in selling and distribution expenses	**19,664**	7,714
Charged in research and development expenses	**29,654**	5,578
Charged in administrative expenses	**19,710**	4,721
	69,028	18,013
Cost of inventories recognised as an expense	**9,237**	6,193
Royalty fees (included in cost of sales)	**7,231**	3,513
Write-down of inventories	**50**	1,780
Loss (gain) on disposal of property, plant and equipment	**1**	(8)
Depreciation of property, plant and equipment	**2,396**	928
Depreciation of right-of-use assets	**3,289**	2,339
Amortisation of intangible assets	**216**	97
Total depreciation and amortisation	**5,901**	3,364
Capitalised in inventories	**(1,264)**	(1,262)
	4,637	2,102
Analysed as:		
Charged in selling and distribution expenses	**342**	351
Charged in research and development expenses	**2,121**	388
Charged in administrative expenses	**2,174**	1,363
	4,637	2,102

As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans managed by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 13% to 16% of the eligible employees' salaries during the six months ended 30 June 2021 and 2020.

9. DIVIDEND

No dividends were declared or proposed during the current interim period (2020: nil).

The dividend payable as at December 31, 2020 which represented the 2020 interim dividend amounted to United States dollar ("USD") 50,000,000 (equivalent to RMB326,245,000), has been settled during six months ended June 30, 2021.

10. (LOSS) EARNING PER SHARE

The calculation of the basic and diluted (loss) earning per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	June 30, 2021	June 30, 2020
	(unaudited)	(unaudited)
(Loss) profit for the period attributable to the owners of the Company for the purpose of calculating basic and diluted (loss) earning per share *(RMB'000)*	**(12,536)**	17,308
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earning per share	**218,646,730**	164,610,522

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earning per share has been determined on the assumption that the Group Reorganisation as disclosed in note 2 had been effected since January 1, 2020.

Diluted loss per share for the six months ended June 30, 2021, did not assume conversion of preferred shares, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2021 are the same as basic loss per share of the respective period.

Diluted earning per share for the six months ended June 30, 2020 are same as the basic earning per share as there are no dilutive potential ordinary shares in existence.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB11,000 (six months ended 30 June 2020: RMB2,000) for cash proceeds of RMB10,000 (six months ended 30 June 2020: RMB10,000), resulting in a loss on disposal of RMB1,000 (six months ended 30 June 2020: a gain on disposal of RMB8,000).

In addition, during the current interim period, the Group paid RMB7,622,000 (six months ended 30 June 2020: RMB1,421,000) for acquisition of furniture and fixtures, machines and equipment in order to expand its business operation.

During the current interim period, the Group entered a new lease agreement with lease term of 3 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB1,830,000 (six months ended 30 June 2020: RMB3,351,000) and lease liabilities of RMB1,830,000 (six months ended 30 June 2020: RMB3,351,000).

12. TRADE AND BILL RECEIVABLES

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**41,346**	13,710
Bills receivables	**–**	15,808
	41,346	29,518

The following is an aged analysis of trade receivables, and net of impairment losses under expected credit loss model, presented based on revenue recognition date at the end of the reporting period.

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**33,733**	9,026
91 – 180 days	**2,773**	2,343
181 – 365 days	**3,934**	2,341
Over 365 days	**906**	–
	41,346	13,710

As at December 31, 2020, all bills received by the Group are with a maturity period of less than three months.

13. TRADE AND OTHER PAYABLES

The following is an aged analysis on trade payables of the Group presented based on the invoices dates.

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 90 days	**4,884**	3,151
91 – 180 days	**87**	43
181 – 270 days	**47**	–
	5,018	3,194

14. BANK BORROWINGS

	As at June 30, 2021 ***RMB'000*** **(unaudited)**	As at December 31, 2020 *RMB'000* (audited)
Unsecured and unguaranteed *(note a)*	**20,000**	20,000
Unsecured and guaranteed *(note b)*	**122,742**	–
	142,742	20,000

Notes:

(a) The bank borrowing carried a fixed interest rate at 5.66% (December 31, 2020: 5.66%) per annum and is repayable in April 2022 (December 31, 2020: April 2021).

(b) The bank borrowing is guaranteed by the intermediate holding company, CPE Funds III Limited, carried a variable interest rate at 2.10% per annum and is repayable within one year.

15. SHARE CAPITAL

The share capital as at January 1, 2020 and June 30, 2020 of the Group represent the share capital of Pine Medical Limited with details as follow:

	As at June 30, 2020 *RMB'000* (unaudited)
Share capital	9,839

The share capital as at January 1, 2021 and June 30, 2021 represent the share capital of the Company following the completion of the Group Reorganisation with details as follow:

	Numbers of shares	**Amount** *USD*	**Amount** *RMB'000*
Authorised ordinary shares of USD0.00001 each			
At January 1, 2021 and June 30, 2021	**10,000,000,000**		
At January 1, 2021	**213,603,234**	**2,136**	**14**
Add: Issuance of shares for restricted share unit scheme	**12,228,440**	**122**	**1**
Issuance of shares under employee incentive platform	**11,242,275**	**112**	**1**
Less: Re-designate of ordinary shares as preferred shares	**(5,995,880)**	**(59)**	**(1)**
At June 30, 2021	**231,078,069**	**2,311**	**15**

16. CAPITAL COMMITMENTS

As at June 30, 2021, the Group had commitments which were contracted for but not provided in the condensed consolidated financial statements:

	As at June 30, 2021 ***RMB'000*** **(unaudited)**	As at December 31, 2020 *RMB'000* (audited)
Acquisition of property, plant and equipment	**6,149**	1,926

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following related party transactions during the six months ended June 30, 2021 and 2020:

	Six months ended	
	June 30, 2021 ***RMB'000*** **(unaudited)**	June 30, 2020 *RMB'000* (unaudited)
Royalty fees to a related company *(Note A)*	**7,154**	3,442
Expenses paid on behalf of a related company *(Note B)*	**–**	3,385

Note A: The related company is a company controlled by chief technology officer of the Group.

Note B: The related company is a company controlled by ultimate holding company.

(b) The remuneration of key management personnel during the six months ended June 30, 2021 and 2020 as follows:

	Six months ended	
	June 30, 2021 ***RMB'000*** **(unaudited)**	June 30, 2020 *RMB'000* (unaudited)
Short-term employee benefits	**5,109**	3,913
Post-employment benefits	**122**	48
Share-based payments	**8,393**	–
	13,624	3,961

The remuneration of key management personnel is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

OVERVIEW

We are a leading innovative medical device company in China focusing on providing "leave nothing behind" treatment solutions for vascular diseases. We have developed a suite of interventional medical devices featuring world-leading technologies, notably in the fields of drug-coated balloons (DCB) and thrombus aspiration catheters. Our DCB products feature one of the most advanced drug-coating technologies among all the DCB products worldwide.

We are also a pioneer in expanding indications of DCB products. The narrowing of arteries may result in different types of diseases. Depending on the different arteries affected, such diseases include peripheral artery disease (PAD), coronary artery disease (CAD), stroke, arteriovenous fistula (AVF) stenosis in hemodialysis (HD) patients and erectile dysfunction. DCB therapy, as a proven therapy for the treatment of CAD and PAD, is a promising therapy for treating these other types of vascular diseases.

We are also offering and developing many other therapeutic, procedural and ancillary medical devices such as thrombus aspiration devices and radiofrequency systems.

We successfully listed on the Main Board of the Stock Exchange on August 24, 2021. The Prospectus in relation to the Global Offering was published on the website of the Stock Exchange on August 12, 2021. Certain information contained in this announcement is as of August 3, 2021, being the latest practicable date disclosed in the Prospectus, which provides more updated information as comparing to June 30, 2021.

Products and Pipeline

All of our products and product candidates are 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 August 3, 2021, including four commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 24 additional product candidates:

	Products and Product Candidates	Product Categories	Indications / Applications	Key Technologies	Phase	Upcoming Milestone
					Pre-clinical Studies / Clinical Studies / Registration	
Vascular Surgery	AcoArt Orchid® & Dhalia™★	DCB	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology, polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	AcoArt Tulip™ & Litos™ ★	DCB	Below-the-knee (BTK) artery disease	Drug coating technology, polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
					US	FDA IDE approval
	AcoArt Iris™ & Jasmin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	AcoArt Lily™ & Rosmarin™	PTA and other balloon and catheter	PTA Balloon applied in PTA procedure	Polymer materials	China — NMPA Approval	N/A
					Europe — CE Marking	N/A
	Radiofrequency Ablation System	radiofrequency ablation	Saphenous varicose veins	Radiofrequency ablation technology platform	China	Registration submission (2022Q4)
	Lower Limb Sirolimus DCB	DCB	Peripheral artery disease	Drug coating technology, polymer materials		Clinical studies(2021Q2)
	Peripheral Spot Stent	PTA and other balloon and catheter	Peripheral artery disease	Polymer materials		Clinical studies (2021Q2)
	Peripheral Triple-Guidewire Balloon	PTA and other balloon and catheter	Triple-Guidewire balloon applied in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of lower extremity artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Peripheral Rotational Atherectomy Device	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Peripheral Aspiration System▲	thrombus aspiration	Peripheral deep vein thrombosis and acute arterial embolism	Aspiration platform	Exempted from clinical trial	Registration approval (2021Q4)
	Orchid Plus▲	DCB	Peripheral artery disease	Drug coating technology, polymer materials	Exempted from clinical trial	Registration submission (2021Q2)
	Peripheral Micro-Catheter▲	PTA and other balloon and catheter	Peripheral CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Above-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of femoropopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Below-The-Knee PTA Balloon▲	PTA and other balloon and catheter	Tapered balloon for the dilation of infrapopliteal artery in PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Cardiology	AcoArt Camellia™	DCB	Coronary small vessel diseases	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Sirolimus DCB	DCB	Bifurcation lesions	Drug coating technology, polymer materials	China	Registration submission (2023Q1)
	Coronary Scoring Balloon	PTA and other balloon and catheter	Scoring balloon for the dilation of coronary artery in PTA procedure	Polymer materials		Clinical studies (2021Q2)
	Coronary Rotational AtherectomyDevice	PTA and other balloon and catheter	Intravascular hard plaque	Polymer materials		Clinical studies (2022Q1)
	Coronary CTO Recanalization Balloon▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
	Guiding Extension Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q3)
	Coronary CTO Antegrade Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2021Q4)
	Coronary Double-Lumen Selecting Catheter▲	PTA and other balloon and catheter	Bifurcation lesions	Polymer materials	Exempted from clinical trial	Registration submission (2022Q3)
	Coronary Retrograde Micro-Catheter▲	PTA and other balloon and catheter	Coronary CTO	Polymer materials	Exempted from clinical trial	Registration submission (2023Q2)
Nephrology	AcoArt Orchid® & Dhalia™ ☆	DCB	Arteriovenous fistula stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q1)
	AV Scoring Balloon	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials		Clinical studies (2021Q2)
	High-Pressure Balloon▲	PTA and other balloon and catheter	AVF PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2022Q1)
Neurology	AcoArt Orchid® & Dhalia™ ☆	DCB	Vertebral atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q2)
	AcoArt Daisy™	DCB	Intracranial atherosclerotic stenosis	Drug coating technology, polymer materials	China	Registration approval (2023Q4)
	Intracranial PTA Balloon▲	PTA and other balloon and catheter	Intracranial PTA procedure	Polymer materials	Exempted from clinical trial	Registration submission (2021Q3)
Andrology	AcoArt Orchid® & Dhalia™☆	DCB	Vasculogenic erectile dysfunction	Drug coating technology, polymer materials		Registration approval (2025)
	AcoArt Tulip™ & Litos™☆	DCB				

★ Core product ☆ Indication expansion of core product ▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended. Commercialization

BUSINESS REVIEW

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" (Orchid®) and 0.018" (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 August 3, 2021, AcoArt Orchid® & Dhalia™ has covered 1,056 hospitals capable of peripheral vascular interventional treatment in China. As of August 3, 2021, we had also launched AcoArt Orchid® in eleven other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We obtained the approval of registrations for AcoArt Orchid® in Brazil on August 24, 2021.

We are expanding the indications of AcoArt Orchid® & Dhalia™ to address the underserved medical needs of hemodialysis patients with Arteriovenous Fistula (AVF) stenosis. 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 13 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® & DhaliaTM, and a control group, where the subjects receive the treatment using PTA balloons. We had completed the six-month follow-ups for all the trial subjects in May 2021 and are in the process of conducting the twelve-month follow-ups required by the protocol of the RCT. We released the six-month follow-ups statistics in June 2021. According to the six-month follow-ups statistics, patency rate of DCB group is 91.3%, as comparing to the 66.7% patency rate for PTA group. We expect to make the product registration submission for the product with the NMPA by the end of 2021 and to receive the NMPA approval in the first quarter of 2023.

For the six months ended June 30, 2021, our revenue generated from the sales of AcoArt Orchid® & Dhalia™ in China and overseas amounted to RMB122.7 million.

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" (Tulip™) and 0.014" (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 August 3, 2021, AcoArt Tulip™ & Litos™ has covered 186 hospitals capable of peripheral vascular interventional treatment in China. As of August 3, 2021, we had also launched AcoArt Tulip™ & Litos™ in eleven other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We obtained the approval of registrations for AcoArt Tulip™ & Litos™ in Brazil on August 24, 2021. We are also selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S. and will initiate the relevant application procedures in due course.

For the six months ended June 30, 2021, our revenue generated from the sales of AcoArt Tulip™ & Litos™ in China and overseas amounted to RMB15.6 million.

Other Key Product Candidates

In vascular surgery, other than our Core Products, we have two other commercialized products and 11 product candidates in pipeline. In cardiology, we have nine product candidates in pipeline. In nephrology, we have two product candidates in pipeline. In neurology, we have two product candidates in pipeline, we are also expanding the indications our two Core Products for the treatment of vasculogenic ED.

Devices Targeting Vascular Surgery

Other than our Core Products, we have two commercialized products, AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™, and 11 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. As of August 3, 2021, 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. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

   For the six months ended June 30, 2021, our revenue from the sales of AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™ was RMB1.86 million.

Product Candidates in Pipeline

3. **Peripheral Aspiration System** 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). We made the product registration submission for our peripheral aspiration system with the NMPA in March 2021, and currently expect to receive the NMPA approval for the product in the fourth quarter of 2021. Besides, the suction pump of Peripheral Aspiration System was approved by NMPA on August 5, 2021.

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

4. **Peripheral Micro-Catheter** is designed to enhance access to small peripheral vessels. Our peripheral micro-catheters are used together with guidewires to recanalize complex total occlusion lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions. Our peripheral micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the fourth quarter of 2021 and to receive the NMPA approval in the second quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL MICRO-CATHETER SUCCESSFULLY.

5. **Above-The-Knee PTA Balloon** is a second-generation high-pressure tapered PTA balloon designed for dilation of the femoropopliteal artery in the lower extremity. Our above-the-knee PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ABOVE-THE-KNEE PTA BALLOON SUCCESSFULLY.

6. **Below-The-Knee PTA Balloon** is a second-generation high-pressure tapered PTA balloon designed for dilation of the infrapopliteal artery in the lower extremity. Our below-the-knee PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR BELOW-THE-KNEE PTA BALLOON SUCCESSFULLY.

7. **Orchid Plus** is a paclitaxel DCB indicated for the treatment of femoropopliteal artery diseases during PTA procedures. Orchid Plus is currently under development. We have made the product registration submission for the product with the NMPA in May 2021, and expect to receive the NMPA approval in the fourth quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ORCHID PLUS SUCCESSFULLY.

8. **Peripheral Triple-Guidewire Balloon** incorporates three guidewires around the balloon to achieve focused vasodilatation. Our peripheral triple-guidewire balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

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

9. **Radiofrequency Ablation System** consists of a radiofrequency generator and an endovenous radiofrequency catheter (AcoArt Cedar™). As of the Latest Practicable Date, we had enrolled 68 patients in the RCT for our radiofrequency ablation system. We expect to complete the RCT and to make the product registration submission for the product with the NMPA for the NMPA approval in the fourth quarter of 2022 and to receive the NMPA approval in the third quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR RADIOFREQUENCY ABLATION SYSTEM SUCCESSFULLY.

10. **Peripheral Rotational Atherectomy Device** has an exclusively designed drill with high-speed rotary grinding heads used in chronic total occlusion (CTO) treatment. Our peripheral rotational atherectomy device is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the first quarter of 2022, to make the product registration submission for the product with the NMPA in the second quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2023.

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

11. **Peripheral Spot Stent** is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. Our peripheral spot stent is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the third quarter of 2021, to make the product registration submission for the product with the NMPA in the second quarter of 2024 and to receive the NMPA approval in the second quarter of 2025.

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

12. **Lower Limb Sirolimus DCB** is a sirolimus coated balloon product indicated for PAD. Our lower limb sirolimus DCB is currently undergoing ethic committee for evaluation of conducting clinical trail. Its therapeutic effect has been preliminary validated by the pig coronary model. We expect to enter into the clinical trial stage in the third quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2024 and to receive the NMPA approval in the third quarter of 2025.

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

13. **Peripheral Scoring Balloon** has a scoring element embedded on the balloon. Our peripheral scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

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

Devices Targeting Cardiology

1. **Coronary CTO Antegrade Micro-Catheter** is designed for treating coronary artery CTO with an antegrade passing technique. Our coronary CTO antegrade micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the fourth quarter of 2021 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO ANTEGRADE MICRO-CATHETER SUCCESSFULLY.

2. **Coronary CTO Recanalization Balloon** has a diameter of 0.8 mm, to be the smallest on the market once it is launched. It helps addresses the problem of poor passage through small vessels that balloons existing on the market have.

   Our coronary CTO recanalization balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO RECANALIZATION BALLOON SUCCESSFULLY.

3. **Coronary Double-Lumen Selecting Catheter** is designed for treating complex bifurcation lesions. Our coronary double-lumen selecting catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY DOUBLE-LUMEN SELECTING CATHETER SUCCESSFULLY.

4. **Coronary Retrograde Micro-Catheter** is designed for treating coronary artery CTO with a retrograde passing technique.

   Our coronary retrograde micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the second quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2023.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY RETROGRADE MICRO-CATHETER SUCCESSFULLY.

5. **Guiding Extension Catheter** helps deliver stents and balloons through its guiding catheter in complicated lesions. Our guiding extension catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the second quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR GUIDING EXTENSION CATHETER SUCCESSFULLY.

6. **Coronary Rotational Atherectomy Device** refers to our rotational atherectomy technology used in eliminating intracardiac intravascular hard plaque. Our coronary rotational atherectomy device is currently in the stage of pre-clinical study. We expect to enter into the clinical trial stage in the first quarter of 2022, make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the second quarter of 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY ROTATIONAL ATHERECTOMY DEVICE SUCCESSFULLY.

7. **AcoArt Camellia™** is a paclitaxel DCB indicated for the treatment of coronary small-vessel diseases (SVD). As of August 3, 2021, we had enrolled 46 patients in the RCT for AcoArt Camellia™. We expect to complete the enrollment of all 230 subjects in the first quarter of 2022 and to complete the RCT in the first quarter of 2023. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2023 and to receive the NMPA approval in the first quarter of 2024.

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

8. **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 plan to initiate the subject enrollment of the RCT for our coronary sirolimus DCB in July 2021, and expect to complete the enrollment of all 230 subjects in the first quarter of 2022 and to complete the RCT in the first quarter of 2023. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2024.

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

9. **Coronary Scoring Balloon** has a scoring element embedded on the balloon. Our coronary scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

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

Devices Targeting Nephrology

1. **High-Pressure Balloon** dilates arterial and venous access with a blasting pressure as high as 30 atm, higher than the blasting pressure of 25 atm of most existing balloons on the market. Our high-pressure balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2022 and to receive the NMPA approval in the third quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR HIGH-PRESSURE BALLOON SUCCESSFULLY.

2. **AV Scoring Balloon** has a scoring element embedded on the balloon. Our AV scoring balloon is currently in the stage of pre-clinical study. We expect to initiate clinical trials for the product in the fourth quarter of 2021, make the product registration submission for the product with the NMPA in the third quarter of 2022 and to receive the NMPA approval in the second quarter of 2023.

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

Devices Targeting Neurology

1. **AcoArt Daisy™** is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). As of August 3, 2021, we had enrolled ten patients in the RCT for AcoArt Daisy™, and expect to complete the RCT in 2023. We expect to make the product registration submission for the product with the NMPA in the first quarter of 2023 and to receive the NMPA approval in the first quarter of 2024.

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

2. **Intracranial PTA Balloon** optimizes catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment and make the best vessel preparation for DCB.

   Our intracranial PTA balloon is currently under development. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2021 and to receive the NMPA approval in the second quarter of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR INTRACRANIAL PTA BALLOON SUCCESSFULLY.

Devices Targeting Andrology

In neurology, we are expanding the indications our two Core Product, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ for the treatment of vasculogenic ED. We expect to initiate the clinical trial required by the NMPA in order for us to expand the indication of AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ to treating vasculogenica ED and expect to complete the necessary filings with the Beijing MPA in the fourth quarter of 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ACOART ORCHID® & DHALIA™ INDICATED FOR TREATING VASCULOGENIC ED.

Research and Development

We have a strong in-house research and development team of 62 people. The team is led by Mr. Ulrich Reinhold SPECK, Mr. Silvio Rudolf SCHAFFNER, Ms. Weijia LI, Ms. Yaze LI, Mr. Ruijie ZHANG and Mr. Lizhong LU.

We primarily adopted a self-development business model. Our research and development team self-developed 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 August 3, 2021, we have a robust intellectual property portfolio, consisting of 25 registered patents and 15 pending patent applications.

Manufacturing

Our principal manufacturing facility is located at our headquarters in Beijing, China, with an aggregate gross floor area of approximately 6,000 sq.m.. As of August 3, 2021, our facility was primarily used for the production of our balloon catheter products, including DCB and PTA products and products candidates.

The production capacity, actual production volume and utilization rate for our commercialized balloon catheter products in our manufacturing facility for the six months ended June 30, 2021 is 84,429, 38,127, and 45.2%, 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 PTA balloon products, AcoArt Iris™ and AcoArt Lily™ & Rosmarin™ in China. We also sell and market AcoArt Orchid® and AcoArt Tulip™ & Litos™ in several overseas countries. For the six months ended June 30, 2021, we generated RMB138.3 million from the sales of our Core Products and a substantial portion of of which 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.

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 August 3, 2021, we had a sales and marketing team of 46 staff members in China, led by the head of our sales and marketing team, Ms. ZHANG Hui, who has vast sales and marketing experience in the medical device industry. We also had sales and marketing staff in India in charge of overseas sales and marketing. 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 August 3, 2021, we had 25 registered patents and 26 registered trademarks, as well as 15 pending patent applications and nine 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.

Impact of the COVID-19 Outbreak

Although we experienced slight delays in the patient enrollment, data collection and data analyses processes for certain of our clinical trials, we had resumed the normal patient enrollment and data analyses for our clinical trials in China since April 2020. Moreover, the sales of our DCB products in China for 2020 have been significantly affected by the COVID-19 pandemic, but the sales amount of AcoArt Orchid® & Dhalia™ gradually bounced back since April 2020. As of August 3, 2021, we had not encountered any material long-term impact on our clinical trials or our overall clinical development plans, nor had we experienced any significant impact on product sales. Further, since the outbreak of the COVID-19 from December 2019 and as of August 3, 2021, we had no suspected or confirmed COVID-19 cases on our premises or among our employees. We had not experienced any material difficulties in procuring our major raw materials and have not experienced significant fluctuations in the prices of our supplies since the outbreak of COVID-19 and as of August 3, 2021.

Future Development

Our goal is to become a global leader that provides full-suite "leave nothing behind" interventional solutions for vascular diseases.

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 five therapeutic areas consisting of vascular surgery, cardiology, nephrology, neurology and andrology 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 five 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 grow sales of AcoArt Orchid® & Dhalia™ through increasing our sales efforts to deepen the penetration in hospitals to which we currently sell AcoArt Orchid® & Dhalia™ and expanding into new hospitals in China by leveraging our direct access to KOLs in vascular interventional therapy, providing systematic training to physicians, and increasing DCB awareness among hospitals, physicians and patients. We plan to continue to implement and improve our systematic DCB training program to expedite the physician education process and to promote our DCB products. We also plan to further promote DCB awareness among patients in China in order to broaden the patient base.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We will also broaden our sales and expand our presence globally, especially in Europe and the United States.

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 announcement.

Revenue

During the Reporting Period, most of our revenue was generated from sales of DCB and PTA balloons. 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 Orchid® & Dhalia™, two of our Core Products, launched in China in 2016. In January 2021, we launched another Core Product, AcoArt Tulip™ & Litos™ in China. We expect that sales of our Core Products will continue to account for a substantial portion of our total revenue in the near term.

The Group's revenue for the six months ended June 30, 2021 was RMB140.2 million, representing a increase of 106% compared to RMB68.1 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) an increase in the number of surgeries performed with our medical devices, (ii) New core product AcoArt Tulip™ & Litos™ launched in China since January 2021, and (iii) the normalization of COVID-19 epidemic prevention and control has enabled patients to seek medical treatment normally. It is noted that such number of surgeries performed with our medical devices recorded a sharp increase compared to the six months ended June 30, 2020. For the six months ended June 30, 2021, revenue from sales of DCB accounted for 98.6% of our total revenue, as compared to 98.0% for the six months ended June 30, 2020.

The following table sets forth a breakdown of our revenue by product:

	Six months ended June 30, 2021 (Unaudited)		Six months ended June 30, 2020 (Unaudited)	
Revenue	***RMB'000***	***Proportion***	*RMB'000*	*Proportion*
DCB products	**138,300**	**98.6%**	66,679	98.0%
AcoArt Orchid® & Dhalia™	**122,704**	**87.5%**	65,542	96.3%
AcoArt Tulip™ & Litos™	**15,596**	**11.1%**	1,137	1.7%
PTA balloon products	**1,863**	**1.3%**	1,387	2.0%
Others	**32**	**0.0%**	–	–
Total	**140,195**	**100.0%**	68,066	100.0%

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, 2021 was RMB16.5 million, representing an increase of 43.8% compared to RMB11.5 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) increase of sales volume of the Orchid® & Dhalia™, (ii) cost of sales of AcoArt Tulip™ & Litos™ in China was just included since 2021 due to new launched, and (iii) scale effect of production.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 118.6% from RMB56.6 million for the six months ended June 30, 2020 to RMB123.7 million for the six months ended June 30, 2021. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group increased from 83.1% for the six months ended June 30, 2020 to 88.2% for the six months ended June 30, 2021, mainly due to an increase in sales volume of DCB.

Other Income

The Group recorded other income for the six months ended June 30, 2021 was RMB3.7 million, representing an increase of 1,754.7% compared to RMB0.2 million for the six months ended June 30, 2020. The increase was mainly due to the increase of government grants in 2021 other than the time of 2020.

Other Gains and Losses, Net

The net other gains and losses primarily consisted of gain on fair value change of financial assets measured at fair value through profit or loss, loss on fair value change of preferred shares, net exchange gain, gain/(loss) on disposal of property, plant and equipment, and others.

The Group recorded net other gains and losses for the six months ended June 30, 2021 was RMB1.6 million, representing an increase of 254.4% compared to RMB0.4 million for the six months ended June 30, 2020, the increase was mainly due to foreign exchange gain.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended June 30, 2021 was RMB28.5 million, representing an increase of 104.8% compared to RMB13.9 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) share-based payments compensation expense in January 2021, and (ii) to the fact that less conferences were held in the first half of 2020 due to the impact of COVID-19.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2021 was RMB61.4 million, representing an increase of 327.9% compared to RMB14.3 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) the research and development expense of the Shenzhen R&D center which was acquired in May 27, 2020 was consolidated in the comprehensive financial statement of the Group from the acquisition of business from May 27, 2020 to June 30, 2020 and for the six months ended June 30, 2021, (ii) increase in staff cost, (iii) share-based payment compensation expense in 2021, and (iv) the increased investments in the on-going research and development projects.

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

	Six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Employee benefits expenses	**15,740**	**25.6%**	5,578	38.9%
Share-based compensation	**13,914**	**22.7%**	–	0.0%
Third-party contracting expenses	**15,425**	**25.1%**	2,835	19.8%
Depreciation and amortisation	**2,121**	**3.5%**	388	2.7%
Material consumed	**11,111**	**18.1%**	4,047	28.2%
Consultancy fee	**280**	**0.5%**	468	3.3%
Others	**2,784**	**4.5%**	1,027	7.1%
	61,375	**100.0%**	14,343	100.0%

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2021 was RMB27.0 million, representing an increase of 169.6% compared to RMB10.0 million for the six months ended June 30, 2020. The increase was primarily attributable to share-based payments compensation expense as well as headcount increased in 2021.

Finance Costs

The Group's finance costs for the six months ended June 30, 2021 was RMB2.3 million, representing an increase of 398.9% compared to RMB0.5 million for the six months ended June 30, 2020. The increase was primarily attributable to the interests of bank loan.

Impairment Losses on Financial Assets, Net

The Group's impairment losses on expected credit loss model, net of reversal, for the six months ended June 30, 2021 was RMB0.8 million compared to loss with RMB0.3 million for the six months ended June 30, 2020. The increase was primarily attributable to the factors that form the impairment provision of accounts receivable disappeared.

Income Tax

The Group's income tax expense for the six months ended June 30, 2021 was RMB5.9 million, representing an increase of 535.9% compared to the income tax expense of RMB0.9 million for the six months ended June 30, 2020. The increase was primarily attributable to business growth.

Non-IFRS Measures

To supplement our unaudited condensed consolidated statement of profit or loss and other comprehensive income which is presented in accordance with the IFRS, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impact of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including share-based payments and listing expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

The following table shows our adjusted net profit and its reconciliation to profit/loss for the period indicated:

	Six months ended June 30, 2021 (Unaudited) *RMB'000*	Six months ended June 30, 2020 (Unaudited) *RMB'000*	*%*
(Loss)/profit for the period	**(12,536)**	17,260	(172.6%)
add：			
Share-based payments compensation expenses [(1)]	**33,356**	–	
Listing expenses [(2)]	**17,146**	–	
Adjusted net profit for the period [(3)]	**37,966**	17,260	120.0%

Notes:

(1) Share-based payments compensation expenses are non-operational expenses arising from granting shares to selected employees, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities.

(2) Listing expenses are one-off expenses in relation to the listing of the Shares on the main board of the Stock Exchange.

(3) We consider share-based payments compensation expenses and listing expenses as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the share-based payments compensation expenses and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

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 cash and cash equivalents as at June 30, 2021 were RMB20.7 million, representing a decrease of 85.9% compared to RMB147.1 million (audited) as at December 31, 2020. The decrease was primarily attributable to operating expenditures and dividend paid.

We rely on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products, including PTA and DCB. 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, improving cost control and operating efficiency.

Borrowings and Gearing Ratio

The Group's total borrowings, which are interest-bearing bank borrowings, as at June 30, 2021 were RMB142.7 million, representing a increase of 613.7% compared to RMB20.0 million (audited) as at December 31, 2020. The increase was primarily attributable to that we raised loan of US$19 million on January 2021 from Silicon Valley Bank. Please refer to the Prospectus for detailed information.

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at June 30, 2021, the gearing ratio of the Group decreased to -159.9% from -197.1% as at December 31, 2020.

Net Current Assets

The Group's net current liabilities, as at June 30, 2021 were RMB101.4 million, representing a increase of 45.4% compared to net current liabilities of RMB185.9 million (audited) as at December 31, 2020.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, other receivables, other payables and bank borrowings are dominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2021, we did not hold any significant investments. For the six months ended June 30, 2021, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the six months ended June 30, 2021, the Group's total capital expenditure amounted to approximately RMB11.5 million, which was used in (i) purchase of plant and equipment, (ii) payment of rental deposits, and (iii) purchase of intangible assets.

Charge on Assets

As at June 30, 2021, there was no charge on assets of the Group.

Contingent Liabilities

As at June 30, 2021, we did not have any contingent liabilities.

Subsequent Events

Subsequent to the Reporting Period, the shares of the Company have been listed on the Main Board of the Stock Exchange with effect from August 24, 2021, and all preferred share have been converted into ordinary shares of the Company at 1:1 conversion ratio upon listing of the Company's shares on the Stock Exchange.

Employees and Remuneration Policies

As of August 3, 2021, we had 287 employees in total. Most of them are stationed 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.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on August 24, 2021 by way of Global Offering, and the total net proceeds (the "Net Proceeds") received by the Company from the Global Offering amounted to approximately HK$1,473.6 million after deducting professional fees, underwriting commissions and other related listing expenses. The Group will utilize the Net Proceeds of the initial public offering in accordance with the intended purposes as set out in the Prospectus.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2021.

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 since the Listing Date and up to the date of this announcement, save for the following deviations.

Code provision A.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 E.1.5 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 since the Listing Date and up to the date of this announcement.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee had, together with the Board and external auditor of the Company, reviewed the accounting standards and practices adopted by the Group and the interim results for the six months ended June 30, 2021.

PUBLICATION OF THE INTERIM RESULTS AND 2021 INTRIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.acotec.cn), and the 2021 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

In this interim results announcement, 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 of Directors" or "Board"	the board of Directors
"CAD"	coronary artery disease
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement 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"	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
"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" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 24, 2021, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"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
"Reporting Period"	the six months ended June 30, 2021
"Prospectus"	the prospectus of the Company dated August 12, 2021
"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$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
%	per cent

By order of the Board
Acotec Scientific Holdings Limited
Jing LI
Chairperson of the Board, Executive Director and Chief Executive Officer

Hong Kong, August 30, 2021

As at the date of this announcement, the executive Directors are Ms. Jing LI and Mr. Silvio Rudolf SCHAFFNER, the non-executive Directors are Mr. Ke TANG and Mr. Chen CHEN, and the independent non-executive Directors are Dr. Yuqi WANG, Ms. Hong NI and Ms. Kin Yee POON.