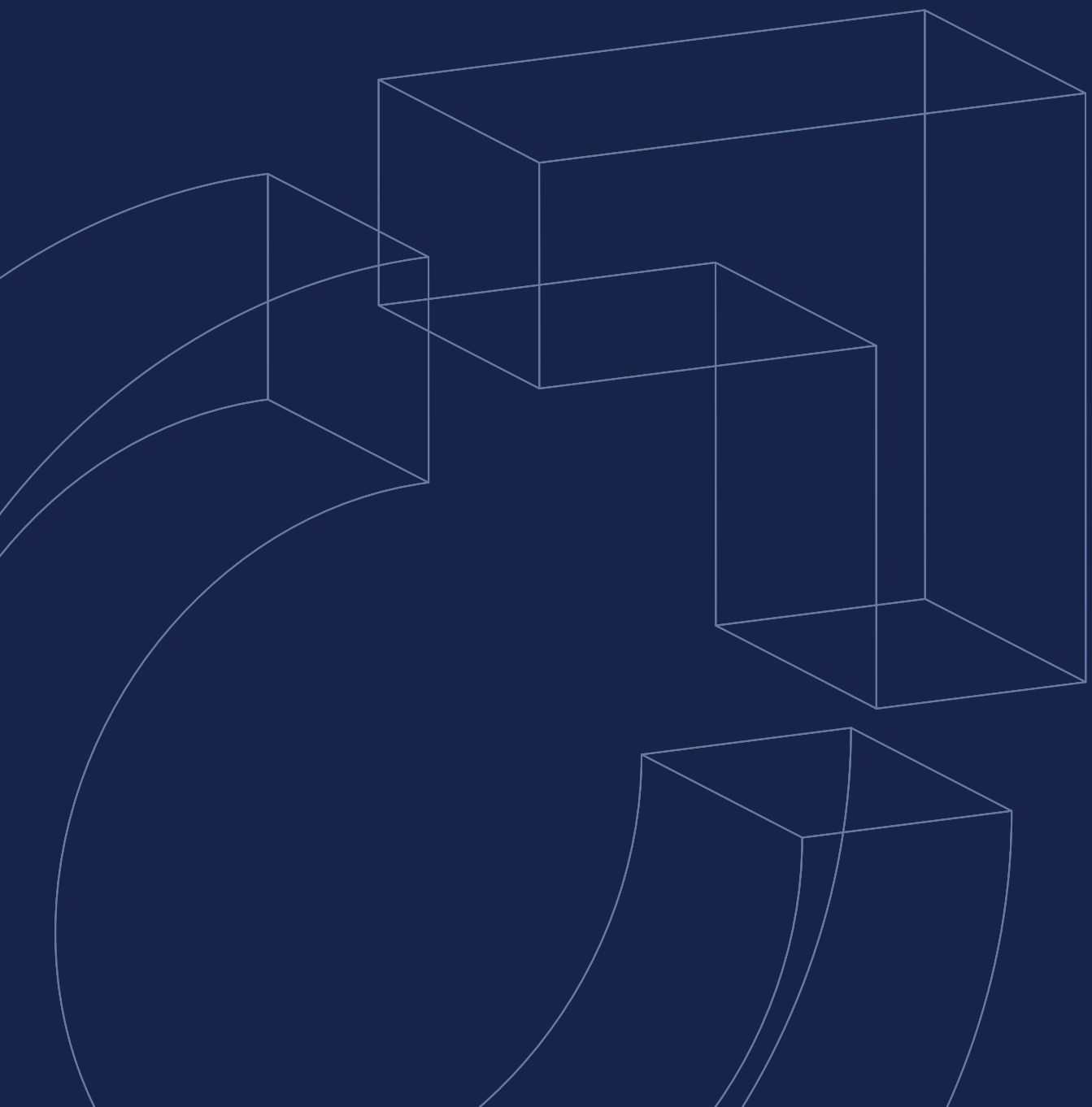
ACOTEC

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**

2022
INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Jing LI *(Chairperson of the Board)*
Mr. Silvio Rudolf SCHAFFNER

Non-executive Directors

Mr. Ke TANG
Mr. Chen CHEN

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
Mr. Chen CHEN

JOINT COMPANY SECRETARIES

Mr. Chen LI
Ms. Ching Yi LI

AUTHORISED REPRESENTATIVES

Mr. Chen CHEN
Ms. Ching Yi LI

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Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
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Hong Kong

STOCK CODE

6669

Financial Summary

	Six months ended June 30, 2022 (Unaudited) RMB'000	Six months ended June 30, 2021 (Unaudited) RMB'000	Period-to-period change
Revenue	**175,322**	140,195	25.1%
Gross profit	**144,770**	123,677	17.1%
Profit/(loss) before tax	**31,290**	(6,590)	N/A
Profit/(loss) for the period	**31,096**	(12,536)	N/A
Profit/(loss) attributable to owners of the Company	**31,096**	(12,536)	N/A
Earnings/(loss) per share attributable to ordinary equity holders of the Company, Basic and diluted (RMB Yuan)	**0.10**	(0.06)	N/A

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 over 30 product pipelines so far, which are capable of providing endovascular minimally-invasive interventional solutions for five areas consisting of vascular surgery, cardiology, nephrology, neurology and andrology. 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

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of June 30, 2022, our superficial femoral artery (SFA) DCB had been admitted into 1,400 hospitals (1,238 hospitals as of December 31, 2021); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 650 hospitals (288 hospitals as of December 31, 2021); and our aspiration catheter had been admitted into 950 hospitals. These numbers are continuously growing.

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 reached approximately RMB175.3 million, representing a period-on-period increase of approximately 25.1%. Our Core Products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, were the major contributors of our revenue.

We continued to diversify our business by accelerating our globalization process and entering into new sectors of disease treatment.

As of June 30, 2022, our products had completed commercialization across 12 countries accumulatively. We are of the view that the acceleration of our Group's globalization process will diversify the revenue stream of our Company and facilitate us to respond to market changes more flexibly. In addition to revenue generated from our Core Products, we continued to diversify our revenue stream. For the Reporting Period, our other commercialized products, including Peripheral Aspiration System (AcoStream™) and PTA balloons products (AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™) together with the newly commercialized product launched during the Reporting Period, namely Radiofrequency Ablation System (AcoArt Cedar™), generated revenue of approximately RMB30.6 million.

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 relaxed 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 peripheral 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, 2022, we had 534 employees in total. Our original technical team covers the aspects of material science, mechanical design manufacturing, chemistry and biomedical engineering. During the Reporting Period, we supplemented our research and development team with technicians in the field of electronic science and technology, automation and computer programming, which further improved our talent pool. We believe that the support of talents from different aspects will accelerate the implementation of our multi product pipeline projects.

Our new product pipelines were multi-pronged and advanced as scheduled.

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm and we started to prepare for our business presence in these sectors. The progress of production development had been advancing at an extremely quick pace.

We are of the view that these results are attributable to two reasons. First of all, it is attributable to our insight into, judgment of and prediction of market potentials. Decades of experience in the industry enables to make better decisions and judgments to develop these potential markets. Secondly, it is attributable to our first-class execution capabilities.

In addition, our remaining product lines advanced as scheduled according to the original plans.

BUSINESS OVERVIEW

In the first half of 2022, we carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm and we started to prepare for our business presence in these sectors. For peripheral aspiration system, our products under the peripheral thrombus aspiration system have all been launched, which made us become the first Chinese enterprise possessing originated technologies and ability to provide comprehensive solution in such sector. The progress of production development had been advancing at an extremely 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 seven commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 26 additional product candidates:

★ Core product ☆ Indication expansion of core product ★ Commercialization ▲ 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.

Department	Products and Product Candidates	Indications / Applications	Key Technologies	Phase	Upcoming Milestone
				Pre-clinical Studies / Clinical Studies / Registration	
Vascular Surgery	AcoArt Orchid® & Dhalia™ /Orchid Plus ★(note)	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology	China: NMPA Approval ★ EU: CE ★	/ /
	AcoArt Tulip™& Litos™★	Below-the-knee (BTK) artery disease	Drug coating technology	China: NMPA Approval ★ EU US: CE ★ FDA IDE approval	/ / FDA IDE approval (2022)
	AcoArt Iris™& Jasmin™	PTA Balloon applied in PTA procedure	Polymer materials	China: NMPA Approval ★ EU: CE ★	/ /
	AcoArt Lily™& Rosmarin™	PTA Balloon applied in PTA procedure	Polymer materials	China: NMPA Approval ★ EU: CE ★	/ /
	Peripheral Aspiration System ▲ AcoStream™	DVT, ALI and PE	Aspiration platform	China: Exempted from clinical trial → NMPA Approval ★	/
	Radiofrequency Ablation System	Saphenous varicose veins	RF platform	China: NMPA Approval ★	/
	Peripheral Support Catheter ▲	Peripheral CTO lesion	Polymer materials	China: Exempted from clinical trial → NMPA Approval ★	/
	Above-The-Knee PTA Balloon ▲	PTA	Polymer materials	China: Exempted from clinical trial	2022
	Below-The-Knee PTA Balloon ▲	PTA	Polymer materials	China: Exempted from clinical trial	2022
	Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China	2024
	Lower Limb Sirolimus DCB	SFA and PPA disease	Drug coating technology	China	2025
	2nd Gen Peripheral Aspiration System ▲	DVT, ALI and PE	Polymer materials	China: Exempted from clinical trial	2023
	Peripheral Triple-Guidewire Balloon	SFA and PPA disease	Polymer materials	China	2023
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China	2023
	Peripheral Coil	Embolization	Polymer materials	China	2024
	Peripheral Rotational Atherectomy Device	Intravascular calcium	Polymer materials	China	2025
	Carotid Stent	Carotid artery stenosis	Polymer materials	China	2025
	Peripheral Thrombectomy Device	DVT, ALI and PE	Polymer materials	China	2025
	Peripheral IVL System	Intravascular calcium	Polymer materials	China	2026
Cardiology	AcoArt Camellia™(DCB)	Coronary small vessel diseases	Drug coating technology	China	2024
	Coronary Sirolimus DCB	Bifurcation lesions	Drug coating technology	China	2024
	Coronary CTO Recanalization Balloon ▲	Coronary CTO	Polymer materials	China: Exempted from clinical trial	2023
	Guiding Extension Catheter ▲	Coronary CTO	Polymer materials	China: Exempted from clinical trial	2023
	Coronary CTO Antegrade Micro-Catheter ▲	Coronary CTO	Polymer materials	China: Exempted from clinical trial	2023
	Coronary Double-Lumen Selecting Catheter ▲	Bifurcation lesions	Polymer materials	China: Exempted from clinical trial	2023
	Coronary Retrograde Micro-Catheter ▲	Coronary CTO	Polymer materials	China: Exempted from clinical trial	2023
	Coronary Rotational Atherectomy Device	Intravascular calcium	Polymer materials	China	2025
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China	2026
	Coronary Scoring Balloon	PTCA	Polymer materials	China	2023
Nephrology	AcoArt Orchid®& Dhalia™/Orchid Plus☆(DCB)	Arteriovenous fistula stenosis	Drug coating technology	China: NMPA Approval ★	/
	AV Scoring Balloon	AVF PTA procedure	Polymer materials	China	2023
	High-Pressure Balloon ▲	AVF PTA procedure	Polymer materials	China: Exempted from clinical trial	2023
Neurology	Intracranial PTA Balloon ▲	Intracranial PTA procedure	Polymer materials	China: Exempted from clinical trial	2022
	AcoArt Orchid®& Dhalia™/Orchid Plus☆(DCB)	Vertebral atherosclerotic stenosis	Drug coating technology	China	2024
	AcoArt Daisy™(DCB)	Intracranial atherosclerotic stenosis	Drug coating technology	China	2024
Andrology	AcoArt Orchid®& Dhalia™ (DCB)/Orchid Plus☆	Vasculogenic erectile dysfunction	Drug coating technology	China	2025
	AcoArt Tulip™ & Litos™ (DCB)☆	Vasculogenic erectile dysfunction	Drug coating technology	China	2025

Note: 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.

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 June 30, 2022, we had also launched AcoArt Orchid® in twelve other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of June 30, 2022, 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 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 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. In neurology, our AcoArt Orchid® & Dhalia™ is currently enrolling, and we expect to receive the NMPA approval in 2024.

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 RMB123.8 million, representing a period-on-period increase of approximately 0.9%.

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 June 30, 2022, we had also launched AcoArt Tulip™ & Litos™ in twelve other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of June 30, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

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. We are also selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S..

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip™ & Litos™ in China and overseas amounted to approximately RMB19.1 million, representing a period-on-period increase of approximately 22.7%.

Other Key Product Candidates

In vascular surgery, other than our Core Products, we have five other commercialized products and 12 product candidates in pipeline. In cardiology, we have ten 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 of our AcoArt Orchid® & Dhalia™ for the treatment of vasculogenic ED.

Devices Targeting Vascular Surgery

Other than our Core Products, we have five commercialized products, namely AcoArt Iris™ & Jasmin™, AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream™), Radiofrequency Ablation System (AcoArt Cedar™) and Peripheral Support Catheter (Vericor®) and 12 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 June 30, 2022, 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 June 30, 2022, 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). We received the NMPA approval for the product in November 2021. Besides, the suction pump of Peripheral Aspiration System (AcoStream™) was approved by NMPA on August 5, 2021. As of June 30, 2022, 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, 2022, 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. As of the date of this interim report, 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 and vascular access products, including AcoArt Iris™ & Jasmin™ , AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream™) and Radiofrequency Ablation System (AcoArt Cedar™), was approximately RMB30.6 million.

Product Candidates in Pipeline

6. **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 apply for the product registration with the NMPA in 2022 and to receive the NMPA approval in 2022.

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

7. **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. Our below-the-knee PTA balloon has been sent for type testing. We expect to receive the NMPA approval in 2022.

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

8. **Peripheral Triple-Guidewire Balloon** incorporates three guidewires around the balloon to achieve focused vasodilatation. We expect to make the product registration submission for the product with the NMPA in 2022 and to receive the NMPA approval in 2023.

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

9. **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 make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2025.

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

10. **Peripheral Spot Stent** is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. Our peripheral spot stent has been sent for type testing and is currently under clinical trial. We expect to receive the NMPA approval in 2024.

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

11. **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 enrolling. We expect to receive the NMPA approval in 2025.

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

12. **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 make the product registration submission for the product with the NMPA in 2022 and to receive the NMPA approval in 2023.

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

13. **2nd Gen Peripheral Aspiration System** is the upgraded product of our current peripheral aspiration system product. Our 2nd gen peripheral aspiration system is currently under development. We expect to receive the NMPA approval in 2023.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR 2ND GEN PERIPHERAL ASPIRATION SYSTEM SUCCESSFULLY.

14. **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 development. We expect to receive the NMPA approval in 2026.

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

15. **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.

16. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. Our peripheral coil is currently under development. We expect to receive the NMPA approval in 2024.

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

17. **Carotid Stent** is indicated to provide physical support for narrowed carotid artery, which will cause ischemia of the brain. Our carotid stent is currently under development. We expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CAROTID STENT 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 receive the NMPA approval in 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, and will be the smallest on the market once it is launched. It helps to address 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 receive the NMPA approval in 2023.

    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 2022 and to receive the NMPA approval in 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 2023 and to receive the NMPA approval in 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 2023 and to receive the NMPA approval in 2023.

   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 make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2025.

   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). We expect to complete the RCT in 2023. Our AcoArt Camellia™ is currently enrolling. We expect to receive the NMPA approval in 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 have initiated the subject enrollment of the RCT for our coronary sirolimus DCB in 2021, and expect to complete the enrollment in 2022. Our coronary sirolimus DCB is currently enrolling. We expect to receive the NMPA approval in 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 has been sent for type testing. We expect to receive the NMPA approval in 2023.

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

10. **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. Our coronary IVL system is currently under development. We expect to receive the NMPA approval in 2026.

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

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.

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 2022 and to receive the NMPA approval in 2023.

   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 make the product registration submission for the product with the NMPA in 2022 and to receive the NMPA approval in 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 June 30, 2022, we had enrolled ten patients in the RCT for AcoArt Daisy™, and expect to complete the RCT in 2022. Our AcoArt Daisy™ is currently enrolling. We expect to receive the NMPA approval in 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 has been sent for type testing. We expect to receive the NMPA approval in 2022.

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

Devices Targeting Andrology

In andrology, we are expanding the indications of our two Core Products, namely 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 vasculogenic ED. Our AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™ are currently enrolling. We expect to receive the NMPA approval in 2025.

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

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, Mr. Ruijie ZHANG 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, 2022, we had a robust intellectual property portfolio, consisting of 35 registered patents and 26 pending patent applications.

During the Reporting Period, we enhanced our research and development team with technicians in the field of electronic science and technology, automation and computer programming, which further improved our talent pool. We also assembled a new team dedicating in the research and development of power-sourced devices located in Shenzhen, with a laboratory of approximately 600 sq.m..

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 June 30, 2022, 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 Reporting Period is 90,000, 43,110, and 51.1%, 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 and vascular access products. We also sell and market AcoArt Orchid® and AcoArt Tulip™ & Litos™ in several overseas countries. For the Reporting Period, we generated approximately RMB142.9 million and approximately RMB30.6 million from the sales of our Core Products and our venous intervention and vascular access products, respectively, representing a period-on-period increase of approximately 3.3% and approximately 1,541.2%, 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.

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, 2022, we had a strong sales and marketing team in China, led by the head of our sales and marketing team, Ms. Hui ZHANG, 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 June 30, 2022, we had 35 registered patents and 50 registered trademarks, as well as 26 pending patent applications and 43 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 Pandemic

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 June 30, 2022, 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 June 30, 2022, 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 June 30, 2022.

Future Development

Our goal is to become a global leader that provides full-suite of 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 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, 2022 was approximately RMB175.3 million, representing an increase of approximately 25.1% compared to approximately RMB140.2 million for the six months ended June 30, 2021. The increase was primarily attributable to (i) an increase in the sales of core product AcoArt Tulip™ & Litos™ and PTA balloon products, (ii) the launch of the new product AcoStream™ in China since November 2021, and (iii) the sales promoted as a result of the marketing and advertising activities in both PRC and overseas market. It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the six months ended June 30, 2021 although the economy was seriously affected by domestic COVID-19 outbreaks and rising geopolitical risks. For the six months ended June 30, 2022, revenue from sales of DCB products accounted for approximately 81.5% of our total revenue, as compared to approximately 98.6% for the six months ended June 30, 2021.

The following table sets forth a breakdown of our revenue:

Revenue	**Six months ended June 30, 2022 (Unaudited)**		Six months ended June 30, 2021 (Unaudited)	
	RMB'000	**Proportion**	RMB'000	Proportion
Core Products	**142,898**	**81.5%**	138,300	98.6%
AcoArt Orchid® & Dhalia™	**123,756**	**70.6%**	122,704	87.5%
AcoArt Tulip™ & Litos™	**19,142**	**10.9%**	15,596	11.1%
Venous intervention and vascular access products[Note]	**30,575**	**17.4%**	1,863	1.3%
Others	**1,849**	**1.1%**	32	0.0%
Total	**175,322**	**100.0%**	140,195	100.0%

Note: The venous intervention and vascular access products primarily include PTA balloon products and AcoStream™.

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, 2022 was approximately RMB30.6 million, representing an increase of approximately 85.5% compared to RMB16.5 million for the six months ended June 30, 2021. The increase was primarily attributable to (i) increase of sales volume of AcoArt Tulip™ & Litos™ and PTA balloon products, (ii) the cost of sales of AcoStream™ and others in China which were newly launched in 2022, 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 approximately 17.1% from approximately RMB123.7 million for the six months ended June 30, 2021 to approximately RMB144.8 million for the six months ended June 30, 2022, which was in line with the increase in our revenue. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 88.2% for the six months ended June 30, 2022 to 82.6% for the year ended June 30, 2021, mainly due to an increase in sales volume of venous intervention and vascular access products and relatively lower sales prices of that kind of products, leading to a decrease in overall gross profit margin.

Other Income

The Group recorded other income for the six months ended June 30, 2022 of approximately RMB7.8 million, representing an increase of approximately 110.8% compared to approximately RMB3.7 million for the six months ended June 30, 2021, primarily attributable to an increase in interest income due to increase in balance of bank deposits.

Other Net Income

The other net income 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, losses on disposal of property, plant and equipment, net losses on disposal of raw materials and others.

The Group recorded other net income for the six months ended June 30, 2022 of approximately RMB15.1 million, representing an increase of approximately 843.8% compared to approximately RMB1.6 million for the six months ended June 30, 2021. The increase was mainly due to foreign exchange gain.

Selling and Distribution Costs

The Group's selling and distribution costs for the six months ended June 30, 2022 was approximately RMB24.7 million, representing a decrease of approximately 13.3% compared to approximately RMB28.5 million for the six months ended June 30, 2021. The decrease was primarily attributable to (i) less share-based payment expenses in 2022 and (ii) less business travelling expenses occurred in the first half of 2022 due to the impact of COVID-19.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2022 was approximately RMB77.1 million, representing an increase of approximately 25.6% compared to approximately RMB61.4 million for the six months ended June 30, 2021. The increase was primarily attributable to (i) the research and development expense of the Shenzhen R&D center, which was acquired in May 2020, and the American R&D center, which was established in November 2021, both of which were consolidated in the comprehensive financial statement of the Group; and (ii) 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,			
	2022		2021	
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%
Employee benefits expenses[Note]	**28,927**	**37.5%**	29,654	48.3%
Third-party contracting expenses	**22,285**	**28.9%**	15,425	25.1%
Depreciation and amortisation	**2,557**	**3.3%**	2,121	3.5%
Material consumed	**13,876**	**18.0%**	11,111	18.1%
Consultancy fee	**6,135**	**8.0%**	280	0.5%
Others	**3,290**	**4.3%**	2,784	4.5%
	77,070	**100.0%**	61,375	100.0%

Note: Employee benefits expense includes Share-based compensation.

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2022 was approximately RMB33.5 million, representing an increase of approximately 24.1% compared to approximately RMB27.0 million for the six months ended June 30, 2021. The increase was primarily attributable to (i) increased recruitment fee and training fee with the increase of headcount in 2022 and (ii) increased consultancy fee with the increasing demand on professional and standardized management.

Finance Costs

The Group's finance costs for the six months ended June 30, 2022 was approximately RMB0.9 million, representing a decrease of approximately 60.9% compared to approximately RMB2.3 million for the six months ended June 30, 2021. The decrease was primarily attributable to the reduced interest expense on bank borrowings.

Provision of Impairment Losses on Trade Receivables

The Group's provision of impairment loses on trade receivables for the six months ended June 30, 2022 was approximately RMB0.1 million, compared to, net of reversal, with approximately RMB0.8 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase of the balances of account receivables as of June 30, 2022.

Income Tax

The Group's income tax expense for the six months ended June 30, 2022 was approximately RMB0.2 million, representing a decrease of approximately 96.6% compared to the income tax expense of approximately RMB5.9 million for the six months ended June 30, 2021. The decrease was primarily attributable to less current income tax was recognized as at June 30, 2022.

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, 2022 were approximately RMB1,062.6 million, representing a decrease of approximately 6.6% compared to approximately RMB1,137.2 million (audited) as at December 31, 2021. The decrease was primarily attributable to the increase in operating expenditures.

We rely on capital contributions by our shareholders and also generate cash from our sales revenue of existing commercialized products, including PTA, DCB and AcoStream™. 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 US dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

Borrowings and Gearing Ratio

As at June 30, 2022, the Group's total borrowings are interest-bearing bank borrowings which were nil, compared to approximately RMB6.0 million (audited) as at December 31, 2021.

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at June 30, 2022, the gearing ratio of the Group decreased to 7.7% from approximately 8.3% as at December 31, 2021.

Net Current Assets

As at June 30, 2022, the Group's net current assets were approximately RMB1,159.1 million, representing an increase of approximately 0.3% compared to net current assets of approximately RMB1,155.4 million (audited) as at December 31, 2021.

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 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, 2022, 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, 2021: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB18.2 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, 2022, there was no charge on assets of the Group (for the six months ended June 30, 2021: nil).

Contingent Liabilities

As at June 30, 2022, we did not have any contingent liabilities (for the six months ended June 30, 2021: nil).

Subsequent Events

As at the date of this interim report, the Group has no significant events occurred after the Reporting Period that require additional disclosure or adjustments.

Employees and Remuneration Policies

As of June 30, 2022, we had 534 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 promote 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

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.

The table sets forth the utilization of the net proceeds from the Global Offering and the unutilized amount as at June 30, 2022:

Intended use of proceeds as stated in the Prospectus	Percentage to total amount	Net proceeds from the IPO	Utilized amount as at June 30, 2022	Unutilized amount as at June 30, 2022	Expected timeline for unutilized amount
	%	RMB'000	RMB'000	RMB'000	
Development and commercialization of our Core Products	32	414,067	74,091	339,976	Year 2027
Development and commercialization of other 24 products	23	297,611	72,764	224,847	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	9,011	81,566	Year 2023
Expand our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments	24	310,550	11,074	299,477	Year 2024
Working capital and other general corporate purposes	8	103,517	28,528	74,989	Year 2025
Repay the Loan	6	77,638	77,638	–	N/A
Total	100	1,293,960	273,105	1,020,855	

The Group will utilize 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, 2022 (for the six months ended June 30, 2021: 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.

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

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.

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

As at June 30, 2022, 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]	55,291,087 (L)	17.64%
Mr. Silvio Rudolf SCHAFFNER	Beneficial owner	4,272,065 (L)	1.36%

Notes:

(1) As at June 30, 2022, 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). 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 43,062,647 Shares held by Cosmic Elite Holdings Limited and 12,228,440 Shares held by Sino Fame under the SFO.

Save as disclosed above, as at June 30, 2022, 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, 2022, 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]
CA Medtech Investment (Cayman) Limited ("**CA Medtech**")[2]	Beneficial owner	158,614,642 (L)	50.61%
CA Medtech Investment II Limited ("**CA Medtech II**")[2]	Interest in controlled corporation	158,614,642 (L)	50.61%
CA Medtech Investment III Limited ("**CA Medtech III**")[2]	Interest in controlled corporation	158,614,642 (L)	50.61%
CPEChina Fund III, L.P ("**CPEChina Fund III**")[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Funds III Limited ("**CPE Funds III**")[2]	Interest in controlled corporation; interest jointly held with another person	161,877,642 (L)	51.65%
CPE Holdings Limited[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Holdings International Limited[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Global Opportunities Fund, L.P ("**CPE Global Opportunities Fund**")[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE GOF GP Limited ("**CPE GOF**")[2]	Interest in controlled corporation; interest jointly held with another person	161,877,642 (L)	51.65%
Cosmic Elite Holdings Limited ("**Cosmic Elite**")[3]	Beneficial owner	43,062,647 (L)	13.74%
Nexus Partners Group Limited[3]	Interest in controlled corporation	43,062,647 (L)	13.74%
Vistra Trust (Singapore) Trustee Pte. Limited[3]	Trustee	43,062,647 (L)	13.74%

Notes:

(1) As at June 30, 2022, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares.

(2) 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. CPE Investment Wu Limited held 3,263,000 Shares of the Company. CPE Investment Wu Limited is held as to 85.16% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund.

(3) Cosmic Elite 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). The voting rights attached to the Shares held by Sino Fame are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 43,062,647 Shares held by Cosmic Elite and 12,228,440 Shares held by Sino Fame under the SFO.

Save as disclosed above, as at June 30, 2022, 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.

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

Pursuant to the share award scheme adopted on December 31, 2021, the trust has acquired 2,004,000 award shares from the market at an average prevailing market price of approximately HK$9.94 (equivalent to approximately RMB8.26) per Share for the Reporting Period. No Shares were granted, vested, cancelled or lapsed under the share award scheme during the Reporting Period.

Save as disclosed above, 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.

AUDIT COMMITTEE

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

INDEPENDENT REVIEW OF AUDITOR

The interim financial report for the six months ended June 30, 2022 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 26, 2022

Independent Auditor's Review Report

REVIEW REPORT TO THE BOARD OF DIRECTORS OF
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)

INTRODUCTION

We have reviewed the interim financial report set out on pages 28 to 50 which comprises the consolidated statement of financial position of Acotec Scientific Holdings Limited (the "Company") as of 30 June 2022 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 30 June 2022 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: 26 August 2022

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Revenue	4	**175,322**	140,195
Cost of sales		**(30,552)**	(16,518)
Gross profit		**144,770**	123,677
Other income	5	**7,775**	3,728
Other net income	6	**15,102**	1,577
(Provision)/reversal of impairment losses on trade receivables		**(145)**	760
Selling and distribution costs		**(24,729)**	(28,517)
Administrative expenses		**(33,547)**	(27,019)
Research and development expenses		**(77,070)**	(61,375)
Listing expenses		**–**	(17,146)
Profit/(loss) from operations		**32,156**	(4,315)
Finance costs	7(a)	**(866)**	(2,275)
Profit/(loss) before taxation	7	**31,290**	(6,590)
Income tax expense	8	**(194)**	(5,946)
Profit/(loss) for the period		**31,096**	(12,536)
Attributable to:			
Equity shareholders of the Company		**31,096**	(12,536)
Profit/(loss) for the period		**31,096**	(12,536)
Earnings/(loss) per share	9		
Basic (RMB)		**0.10**	(0.06)
Diluted (RMB)		**0.10**	(0.06)

The notes on pages 36 to 50 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
Profit/(loss) for the period		**31,096**	(12,536)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of entities with functional currencies other than RMB		**93**	–
Other comprehensive income		**93**	–
Total comprehensive income for the period		**31,189**	(12,536)
Attributable to:			
Equity shareholders of the Company		**31,189**	(12,536)
Total comprehensive income for the period		**31,189**	(12,536)

The notes on pages 36 to 50 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment	10	**44,201**	33,398
Right-of-use assets	10	**29,532**	16,836
Intangible assets		**3,369**	2,995
Rental deposits		**3,372**	2,503
Prepayments for purchase of property, plant and equipment		**8,443**	6,688
Deferred tax assets		**–**	271
Goodwill		**1,150**	1,150
		90,067	63,841
Current assets			
Inventories	11	**68,437**	41,553
Trade receivables	12	**64,841**	44,214
Prepayments, deposits and other receivables	13	**31,366**	18,824
Pledged deposits		**1,750**	1,750
Cash and cash equivalents	14	**1,062,621**	1,137,184
		1,229,015	1,243,525
Current liabilities			
Bank loans	15	**–**	6,000
Trade and other payables	16	**54,925**	62,159
Contract liabilities		**7,173**	8,016
Lease liabilities		**7,806**	6,806
Current taxation		**–**	5,131
		69,904	88,112
Net current assets		**1,159,111**	1,155,413
Total assets less current liabilities		**1,249,178**	1,219,254

The notes on pages 36 to 50 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current liabilities			
Lease liabilities		**23,592**	11,765
Deferred tax liabilities		**277**	295
		23,869	12,060
NET ASSETS		**1,225,309**	1,207,194
CAPITAL AND RESERVES			
Share capital		**20**	20
Reserves		**1,225,289**	1,207,174
Total equity attributable to equity shareholders of the Company		**1,225,309**	1,207,194
TOTAL EQUITY		**1,225,309**	1,207,194

Approved and authorised for issue by the board of directors on 26 August 2022.

Jing Li)
)
)
) Directors
)
Ke Tang)
)

The notes on pages 36 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Shares held under RSU Scheme RMB'000	Share based payments reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	(Net deficits)/ total equity RMB'000
Balance at 1 January 2021		14	(267,373)	–	–	–	172,495	2,500	–	1,113	(189,758)	(281,009)
Changes in equity for the six months ended 30 June 2021:												
Loss and total comprehensive income for the period		–	–	–	–	–	–	–	–	–	(12,536)	(12,536)
Issuance of shares for RSU scheme	17(b)	1	–	–	(1)	–	–	–	–	–	–	–
Shares issued under an employee incentive platform	17(a)	1	72,745	–	–	33,356	–	–	–	–	–	106,102
Issuance of preferred shares as deemed distribution		(1)	–	–	–	–	–	–	–	(103,532)	–	(103,533)
Balance at 30 June 2021 and 1 July 2021		15	(194,628)	–	(1)	33,356	172,495	2,500	–	(102,419)	(202,294)	(290,976)
Changes in equity for the six months ended 31 December 2021:												
Loss and total comprehensive income for the period		–	–	–	–	–	–	–	–	–	(66,541)	(66,541)
Share issued upon global offering		4	1,358,467	–	–	–	–	–	–	–	–	1,358,471
Share issue costs		–	(64,511)	–	–	–	–	–	–	–	–	(64,511)
Conversion of preferred shares upon global offering		1	270,750	–	–	–	–	–	–	–	–	270,751
Balance at 31 December 2021		20	1,370,078	–	(1)	33,356	172,495	2,500	–	(102,419)	(268,835)	1,207,194

The notes on pages 36 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Shares held under RSU Scheme RMB'000	Share based payments reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 31 December 2021 and 1 January 2022		20	1,370,078	–	(1)	33,356	172,495	2,500	–	(102,419)	(268,835)	1,207,194
Changes in equity for the six months ended 30 June 2022:												
Profit for the period		–	–	–	–	–	–	–	–	–	31,096	31,096
Other comprehensive income		–	–	–	–	–	–	–	93	–	–	93
Total comprehensive income		–	–	–	–	–	–	–	93	–	31,096	31,189
Grant of shares for RSU scheme	17(b)	–	–	–	–	3,486	–	–	–	–	–	3,486
Repurchase of shares for share award scheme	17(c)	–	–	(16,560)	–	–	–	–	–	–	–	(16,560)
Balance at 30 June 2022		20	1,370,078	(16,560)	(1)	36,842	172,495	2,500	93	(102,419)	(237,739)	1,225,309

The notes on pages 36 to 50 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Operating activities			
Cash (used in)/generated from operations		**(31,635)**	26,861
Tax paid		**(5,072)**	(5,828)
Net cash (used in)/generated from operating activities		**(36,707)**	21,033
Investing activities			
Payment of rental deposits		**(869)**	(182)
Payments for the purchase of property, plant and equipment and intangible assets		**(17,335)**	(11,288)
Proceeds from disposal of property, plant and equipment		**4**	10
Payment for purchase of financial assets at fair value through profit or loss ("FVTPL")		**–**	(29,000)
Proceeds from disposal of financial assets at FVTPL		**–**	29,019
Placement of pledged bank deposits		**–**	(1,750)
Interest received		**7,782**	30
Net cash used in investing activities		**(10,418)**	(13,161)
Financing activities			
Proceeds from bank loans		**–**	142,772
Repayment of a bank loan		**(6,000)**	(20,000)
Interest paid		**(366)**	(1,098)
Proceeds from issuance of preferred shares		**–**	3,262
Proceeds from issuance of shares under employee incentive platform	17(a)	**–**	72,746
Dividend paid	18	**–**	(323,085)
Payment of issue costs		**–**	(2,352)
Payment on repurchase of shares for share award scheme	17(c)	**(16,560)**	–
Capital element of lease rentals paid		**(4,105)**	(2,823)
Interest element of lease rentals paid		**(500)**	(525)
Net cash used in financing activities		**(27,531)**	(131,103)

The notes on pages 36 to 50 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022-unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Net decrease in cash and cash equivalents		**(74,656)**	(123,231)
Cash and cash equivalents at the beginning of period	14	**1,137,184**	147,097
Effects of foreign exchange rates changes		**93**	(3,160)
Cash and cash equivalents at the end of period	14	**1,062,621**	20,706

The notes on pages 36 to 50 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

Acotec Scientific Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 December 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 24 August 2021. The Company and its subsidiaries (collectively as the "Group") are principally engaged in research and development on providing treatment solutions for vascular diseases.

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 authorised for issue on 26 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 annual financial statements. The 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 27.

The financial information relating to the financial year ended 31 December 2021 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.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by IASB to this interim financial report for the current accounting period:

- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in the research and development on providing treatment solutions for vascular diseases.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue		
Core products	**142,898**	138,300
Venous intervention and vascular access products	**30,575**	1,863
Others	**1,849**	32
	175,322	140,195

During the six months ended 30 June 2022 and 2021, the Group recognised its revenue from contract with customers at point in time.

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue *(continued)*

(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 prepayments for purchase of property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, i.e. the location of the operation to which they are allocated.

Revenue from external customers

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Mainland China	**171,048**	136,933
Europe	**1,990**	2,328
Other countries and regions	**2,284**	934
	175,322	140,195

Specified non-current assets

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Mainland China	**85,902**	62,420
United States of America ("United States")	**3,015**	–
	88,917	62,420

4 REVENUE AND SEGMENT REPORTING *(continued)*

(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.

5 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Government grants (note)	**718**	3,698
Interest income from bank deposits	**7,057**	30
	7,775	3,728

Note: During the six months ended 30 June 2022, government grants mainly represent (i) rebates granted with reference to taxes paid by the subsidiaries in the Mainland China and (ii) subsidies received for scientific and technological innovation. There is no condition attached or contingencies relating to the grants.

6 OTHER NET INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Net exchange gain	**15,152**	1,828
Gain on fair value change of financial assets at FVTPL	**–**	19
Loss on fair value change of preferred shares	**–**	(268)
Net losses on disposal of property, plant and equipment	**(4)**	(1)
Net losses on disposal of raw materials	**(87)**	–
Others	**41**	(1)
	15,102	1,577

7 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(a) Finance costs		
Interest expenses on bank loans	**25**	1,750
Interest expenses on lease liabilities	**500**	525
Others	**341**	–
	866	2,275
(b) Other items		
Depreciation and amortisation		
– property, plant and equipment	**3,856**	2,396
– right-of-use assets	**4,236**	3,289
– intangible assets	**301**	216
Cost of inventories recognised as expenses*	**22,784**	9,287
Royalty fees (included in cost of sales)	**7,768**	7,231
(Reversal)/provision for write-down of inventories	**(14)**	50

* Cost of inventories recognised as expenses includes amounts relating to staff costs, depreciation and amortisation expenses, research and development expenses, (reversal)/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.

8 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current tax – Mainland China Corporate Income Tax		
– Provision for the period	**–**	6,806
– Over provision in respect of prior years	**(59)**	(685)
Deferred tax	**253**	(175)
Total	**194**	5,946

(a) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(b) Effective from 1 January 2008, under the Mainland China Corporate Income Tax Law, the Mainland China statutory income tax rate is 25%. The Group's subsidiaries in the Mainland China are subject to Mainland China income tax at 25% unless otherwise specified.

According to the Mainland China income tax law and its relevant regulations, entities that qualified as High and New Technology Enterprise ("HNTE") are entitled to a preferential income tax rate of 15%. Acotec Scientific Co., Ltd. has been qualified as HNTE by the Science and Technology Bureau of Beijing and relevant authorities in December 2020 for a term of three years and is subject to income tax at the rate of 15% for six months ended 30 June 2022 and 2021.

(c) No provision for Hong Kong Profits Tax was made for Pine Medical Limited as it does not have assessable profits subject to Hong Kong Profits Tax during the six months ended 30 June 2022 and 2021.

(d) The subsidiary in the United States of America, namely Acotec Technologies Limited, is subject to Federal Income tax at a tax rate of 21% and the State Income tax of 7.25%.

(Expressed in Renminbi Yuan unless otherwise indicated)

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB31,096,000 (six months ended 30 June 2021: loss attributable to ordinary equity shareholders of the Company of RMB12,536,000) and the weighted average of 299,779,425 ordinary shares (2021: 218,646,730 shares) in issue during the interim period.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB31,096,000 (six months ended 30 June 2021: loss attributable to ordinary equity shareholders of the Company of RMB12,536,000) and the weighted average of 301,096,981 ordinary shares (2021: 218,646,730 shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume outstanding restricted share units ("RSUs"), issued at the grant date, which are dilutive and adjusting the weighted average number of ordinary shares in issue for the six months ended 30 June 2022.

	Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share	**299,779,425**	218,646,730
Effect of outstanding RSUs (Note 17(b))	**1,317,556**	–
Weighted average number of ordinary shares in issue for the purpose of diluted earnings/(loss) per share	**301,096,981**	218,646,730

During the six months ended 30 June 2021, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share was the same as basic loss per share of the six months ended 30 June 2021.

10 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2022, the Group extended a number of lease agreements for use of property, and therefore recognised the additions to right-of-use assets of RMB16,932,000.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment at a cost of RMB14,667,000 (six months ended 30 June 2021: RMB7,622,000). Items of certain plant and machinery with a net book value of RMB8,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB11,000), resulting in a loss on disposal of RMB4,000 (six months ended 30 June 2021: a loss on disposal of RMB1,000).

11 INVENTORIES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Raw materials	**38,885**	30,399
Work in progress	**6,858**	3,197
Finished goods	**26,095**	11,374
	71,838	44,970
Write down of inventories	**(3,401)**	(3,417)
	68,437	41,553

During the six months ended 30 June 2022, the Group reversed a write-down of RMB14,000 (six months ended 30 June 2021: provided a write-down of RMB50,000) against those inventories with net realisable value higher than carrying value. The write-down is included in cost of sales in the consolidated statement of profit or loss and other comprehensive income.

12 TRADE RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables	**65,311**	44,540
Less: loss allowance	**(470)**	(326)
	64,841	44,214

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

12 TRADE RECEIVABLES *(continued)*

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	**49,565**	39,400
3 to 6 months	**13,947**	1,109
6 to 12 months	**1,173**	3,705
Over 12 months	**156**	–
	64,841	44,214

Trade receivables are generally due within 60 to 90 days from the date of billing.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Advances to suppliers	**27,401**	10,390
Advances to employees	**879**	809
Other tax recoverable	**432**	3,717
Interest receivables	**876**	1,601
Prepayment for expenses	**1,517**	1,967
Others	**261**	340
	31,366	18,824

14 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash on hand	**40**	31
Cash at bank	**1,062,581**	1,137,153
Cash and cash equivalents	**1,062,621**	1,137,184

As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB388,503,000 (2021: RMB49,612,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

15 BANK LOANS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Unsecured and unguaranteed	–	6,000

As at 30 June 2022, the Group has no balance of bank loans (as at 31 December 2021: the bank loans carried fixed interest rates ranging from 5.50% to 5.80% per annum and is repayable within one year).

16 TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables	**17,228**	7,139
Accrued expenses	**15,031**	41,410
Other tax payable	**18,680**	8,961
Other payable	**3,986**	4,649
Total trade and other payables	**54,925**	62,159

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

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 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	**16,068**	6,970
3 to 6 months	**962**	169
6 to 12 months	**198**	–
	17,228	7,139

(Expressed in Renminbi Yuan unless otherwise indicated)

17 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Employee incentive platform

On 8 January 2021, the Company issued 11,242,275 ordinary shares to an employee incentive platform, Bliss Way Limited, at the consideration of USD1 for each share without vesting conditions. All shares were granted to the employees and vested immediately on the same date.

The fair value of each share granted at grant date was approximately RMB9.438. The effect of the share-based payment transactions of RMB33,356,000 was charged to the Group's profit or loss during the six months ended 30 June 2021, of which RMB11,137,000, RMB13,914,000 and RMB8,305,000 were recognised in administration expenses, research and development expenses and selling and distribution costs, respectively.

The fair value of the shares has been arrived at based on a valuation carried out by an independent professional valuer, on the grant date of the shares.

The Company used back-solve method to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of the shares as of the grant date.

The key valuation assumptions used to determine the fair value as of grant date are as follows:

Fair value of shares granted on 8 January 2021 and assumptions

Fair value at grant date	RMB9.438
Time to liquidation	3 years
Risk-free rate	0.24%
Volatility	44.1%
Dividend yield	0%
Possibilities under liquidation scenario	32.5%
Possibilities under redemption scenario	32.5%
Possibilities under Qualified IPO scenario	35%
Discount for lack of marketability (DLOM)	16.6%

The directors of the Company established the risk-free rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the valuation date to expected liquidation date of preferred shares. Volatility was estimated based on average historical volatilities of comparable companies in the same industry from valuation date to expected liquidation date. Dividend yield is based on management estimate at the valuation date. DLOM was quantified by the Finnerty Put Options Model. Under this option-pricing method, which assumed that the price of a put option remains the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

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

(b) Restricted share unit scheme

On 8 January 2021, the Board of Directors has 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.

The purpose of the RSU Scheme is to recognise and motivate the contributions the grantees under the RSU scheme, provide incentives for them to remain with the Company, and attract suitable personnel for our further development.

The RSU Scheme shall be valid and effective for period of 10 years commencing on the adoption date of the RSU Scheme, after which period no further awards will be granted. In spite of this, the RSU scheme in all other respects remain in full force and effect and awards that are granted during the period may continue to be exercisable in accordance with their terms of issue.

On 27 January 2022, the Company granted 1,540,000 restricted shares to 55 eligible employees (the "Grantees") under the RSU scheme at nil consideration. The granted restricted shares shall be vested in two tranches, (i) 50% of the restricted shares shall vest on the first anniversary date of the grant date, and (ii) the second 50% of the award shares shall vest on the second anniversary date of the grant date. The granted restricted shares are also subjected to non-market performance vesting conditions. If such conditions are not satisfied, the vesting date of the restricted shares shall be postponed for one year. If the vesting terms and conditions of the postponed restricted shares are not satisfied at the postponed vesting date, the restricted shares shall automatically lapse. No restricted shares were vested, cancelled or lapsed during the six months ended 30 June 2022. The 1,540,000 restricted shares outstanding at 30 June 2022 have an exercise price of nil and a weighted average remaining contractual life of 8.5 years.

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 Group shall estimate the expected yearly percentage of the Grantees that will stay within the Group at the end of the vesting periods of the granted shares (the "expected retention rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 30 June 2022, the expected retention rate was assessed to be 82%-84%. The effect under the RSU scheme transactions of RMB3,486,000 was charged to the Group's profit or loss during the six months ended 30 June 2022, of which RMB563,000, RMB2,113,000 and RMB810,000 were recognised in administration expenses, research and development expenses and selling and distribution costs, respectively.

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

(c) Share award scheme

On 31 December 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 has 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 period ended 30 June 2022. No shares were granted, vested, cancelled or lapsed under the share award scheme during the six months ended 30 June 2022.

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.

18 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the previous financial year and paid during the interim period

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Dividend in respect of the previous financial year and paid during the interim period	**–**	323,085

No dividends were declared or proposed during the current interim period (2021: nil).

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 June 2022 and 31 December 2021.

20 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2022 and not provided for in the interim financial report were as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Acquisition of property, plant and equipment	**2,430**	11,771
Additional of right-of-use assets	**4,759**	2,595
	7,189	14,366

21 MATERIAL RELATED PARTY TRANSACTIONS

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Royalty fees to InnoRa GmbH	(i)	**7,104**	7,154
Sale of goods to an affiliated company	(ii)	**1,797**	–
Net losses on disposal of raw materials to an affiliated company	(ii)	**(87)**	–

Notes:

(i) InnoRa GmbH is a company controlled by the son of the Group's chief technology officer.

(ii) The affiliated company is a company controlled by the Group's ultimate controlling party.

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 of Directors" or "Board"	the board of Directors
"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 report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company" or "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
"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

"HD" or "hemodialysis"	a type of dialysis treatment for kidney failure. The procedure uses an artificial kidney to remove waste and extra fluid from the blood
"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
"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
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on August 24, 2021
"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
"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

"Reporting Period"	the six months ended June 30, 2022
"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