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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6669)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

FINANCIAL HIGHLIGHTS

	Six months ended June 30, 2023 (Unaudited) *RMB'000*	Six months ended June 30, 2022 (Unaudited) *RMB'000*	Period-to-period change
Revenue	**243,063**	175,322	38.6%
Gross profit	**195,116**	144,770	34.8%
Profit before tax	**22,351**	31,290	-28.6%
Profit for the period	**22,369**	31,096	-28.1%
add adjusted items*:			
Share-based payments	**5,260**	3,486	50.9%
Net foreign exchange losses/(gains)	**8,086**	(15,152)	N/A
Adjusted net profit for the period	**35,715**	19,430	83.8%

* The detail of the adjusted items refers to Non-IFRS Measures of this interim results announcement.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 – UNAUDITED

(Expressed in RMB)

		Six months ended June 30,	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*4*	**243,063**	175,322
Cost of sales		**(47,947)**	(30,552)
Gross profit		**195,116**	144,770
Other income	*5*	**13,002**	7,775
Other net (losses)/gains	*6*	**(7,124)**	15,102
Impairment losses on trade receivables		**–**	(145)
Selling and distribution costs		**(45,463)**	(24,729)
Administrative expenses		**(38,310)**	(33,547)
Research and development expenses		**(89,877)**	(77,070)
Profit from operations		**27,344**	32,156
Finance costs	*7(a)*	**(4,357)**	(866)
Share of loss of an associate		**(636)**	–
Profit before taxation	*7*	**22,351**	31,290
Income tax credits/(expenses)	*8*	**18**	(194)
Profit for the period		**22,369**	31,096
Attributable to:			
Equity shareholders of the Company		**22,369**	31,096
Profit for the period		**22,369**	31,096
Earnings per share	*9*		
Basic *(RMB)*		**0.07**	0.10
Diluted *(RMB)*		**0.07**	0.10

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023 – UNAUDITED

(Expressed in RMB)

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Profit for the period	**22,369**	31,096
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	**1,521**	93
Other comprehensive income	**1,521**	93
Total comprehensive income for the period	**23,890**	31,189
Attributable to:		
Equity shareholders of the Company	**23,890**	31,189
Total comprehensive income for the period	**23,890**	31,189

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2023 – UNAUDITED
(Expressed in RMB)

	Note	**At June 30, 2023** ***RMB'000***	At December 31, 2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**87,100**	68,928
Right-of-use assets		**231,160**	45,202
Intangible assets		**4,633**	5,098
Goodwill		**1,150**	1,150
Interest in an associate		**20,426**	15,550
Financial assets measured at fair value through profit or loss ("**FVPL**")	*10*	**14,003**	7,260
Deposits paid for acquisition of property, plant and equipment		**6,355**	5,533
Rental deposits		**10,592**	5,386
		375,419	154,107
Current assets			
Inventories		**135,538**	116,435
Trade receivables	*11*	**116,507**	131,909
Prepayments, deposits and other receivables		**29,080**	21,439
Pledged deposits		**200**	200
Cash and cash equivalents		**947,779**	986,455
		1,229,104	1,256,438
Current liabilities			
Trade and other payables	*12*	**57,111**	74,090
Contract liabilities		**4,732**	12,322
Lease liabilities		**26,248**	12,263
		88,091	98,675
Net current assets		**1,141,013**	1,157,763
Total assets less current liabilities		**1,516,432**	1,311,870

	At June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**210,951**	35,521
Deferred tax liabilities	**242**	260
	211,193	35,781
NET ASSETS	**1,305,239**	1,276,089
CAPITAL AND RESERVES		
Share capital	**20**	20
Reserves	**1,305,219**	1,276,069
Total equity attributable to equity shareholders of the Company	**1,305,239**	1,276,089
TOTAL EQUITY	**1,305,239**	1,276,089

NOTES

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

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

2 BASIS OF PREPARATION

The unaudited interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Group but is extracted from the unaudited interim financial report.

The interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorized for issue on August 24, 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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.

The 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 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

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

The financial information relating to the financial year ended December 31, 2022 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:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12, *International Tax Reform-Pillar Two Model Rules*

In July 2023, the HKICPA published "Accounting implications of the abolition of the mandatory provident fund ("**MPF**") – long service payment ("**LSP**") offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

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

(a) Disaggregation of revenue

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Type of goods		
Core products*	**152,874**	142,898
Venous intervention and vascular access products	**88,939**	30,575
Others	**1,250**	1,849
	243,063	175,322
Type of customers		
– Distributors	**232,673**	166,843
– Hospitals	**4,301**	4,204
– Oversea customers	**6,089**	4,275
	243,063	175,322

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

The Group mainly sells core products and other medical devices to its distributors. During the six months ended June 30, 2023 and 2022, the revenue is recognized at a point in time when the customers obtain the control of products, i.e. upon the receipts of the products by the distributors.

(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 goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, rental deposit, right-of-use assets and deposits paid for acquisition of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets.

Revenue from external customers

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Mainland China	**236,974**	171,048
Europe	**2,376**	1,990
Other countries and regions	**3,713**	2,284
	243,063	175,322

Specified non-current assets

	At	At
	June 30,	December 31,
	2023	2022
	RMB'000	*RMB'000*
Mainland China	**336,499**	126,091
United States of America ("**United States**")	**3,341**	3,678
	339,840	129,769

(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 June 30,	
	2023	2022
	RMB'000	*RMB'000*
Government grants *(note)*	**4,534**	718
Interest income from bank deposits	**8,468**	7,057
	13,002	7,775

Note:

During the six months ended June 30, 2023 and 2022, government grants mainly represent (i) RMB4,313,000 (six months ended June 30, 2022: RMB505,000) from the local government to reward their contribution to the local economy and encourage technology innovation and (ii) rebates of RMB221,000 (six months ended June 30, 2022: RMB213,000) granted with reference to taxes paid.

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

6 OTHER NET (LOSSES)/GAINS

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gain	**(8,086)**	15,152
Gains on fair value change of financial assets measured at FVPL	**178**	–
Others	**784**	(50)
	(7,124)	15,102

7 PROFIT BEFORE TAXATION

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
(a) Finance costs		
Interest expenses on bank loans	**183**	25
Interest expenses on lease liabilities	**4,049**	500
Others	**125**	341
	4,357	866

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
(b) Other items		
Depreciation and amortization		
– property, plant and equipment	**7,127**	3,856
– right-of-use assets	**13,437**	4,236
– intangible assets	**405**	301
Cost of inventories recognized as expenses*	**38,950**	22,784
Royalty fees (included in cost of sales)	**8,997**	7,768
Provision/(reversal) for write-down of inventories	**286**	(14)

* Cost of inventories recognized as expenses includes amounts relating to depreciation and amortization expenses, provision/(reversal) 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 CREDIT/(EXPENSES)

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Over provision in respect of prior years	**–**	59
Deferred tax expenses	**18**	(253)
Total	**18**	(194)

Note:

(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 January 1, 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 June 30, 2023 and 2022.

According to the Mainland China income tax law and its relevant regulations, an additional 100% of qualified research and development expenses so incurred is allowed to be deducted from taxable income for the six months ended June 30, 2023 and 2022.

(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 June 30, 2023 and 2022.

(d) The subsidiary in the United States, namely Acotec Technologies Limited, is subject to Federal Income tax at a tax rate of 21% and the State Income tax of 8.84%.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB22,369,000 (six months ended June 30, 2022: RMB31,096,000) and the weighted average of 300,890,064 ordinary shares (six months ended June 30, 2022: 299,779,425 shares) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the six months ended June 30, 2023 and therefore the diluted earnings per share are same as the basic earnings per share.

The calculation of diluted earnings per share for six months ended June 30, 2022 is based on the profit attributable to ordinary equity shareholders of the Company of RMB31,096,000 and the weighted average of 301,096,981 ordinary 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 June 30, 2022.

	Six months ended June 30,	
	2023	2022
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**300,890,064**	299,779,425
Effect of outstanding RSUs *(Note 19(a))*	**–**	1,317,556
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	**300,890,064**	301,096,981

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Financial assets measured at FVPL		
– Unlisted units in investment funds	**14,003**	7,260

On September 30, 2022, the Company and Trumed Health Innovation Fund GP Limited (as the general partner and fund manager) conditionally entered into the Subscription Agreement in relation to the investment in Trumed Health Innovation Fund LP ("**Trumed Fund**"), a Cayman Islands exempted limited partnership. Under the Subscription Agreement, the capital contribution by the Company as a limited partner will be USD5 million. The primary objective of the Trumed Fund is investments in equity interest of entities in the healthcare industry mainly in the PRC. During the year ended December 31, 2022, the Group made capital contribution of USD1,069,000 (RMB7,450,000 equivalent) and the remaining commitment is USD3,931,000 (RMB27,376,000 equivalent).

During the six months ended June 30, 2023, the Group made additional capital contribution of USD961,000 (RMB6,565,000 equivalent). As of June 30, 2023, the total capital contribution is USD2,030,000 (RMB14,015,000 equivalent) and the remaining commitment is USD2,970,000 (RMB21,461,000 equivalent).

11 TRADE RECEIVABLES

	At June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Trade receivables	**116,940**	132,342
Less: loss allowance	**(433)**	(433)
	116,507	131,909

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

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 June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Within 3 months	**76,676**	129,379
3 to 6 months	**26,738**	2,015
6 to 12 months	**13,093**	515
	116,507	131,909

12 TRADE AND OTHER PAYABLES

	At June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Trade payables	**20,034**	27,625
Accrued expenses		
– research and development expenses	**509**	558
– selling and distribution expenses	**462**	4,153
– salaries and bonus	**14,257**	20,759
– legal and professional fees	**1,870**	2,390
Value added tax and other tax payable	**15,661**	14,837
Other payable	**4,318**	3,768
Total trade and other payables	**57,111**	74,090

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 June 30, 2023	At December 31, 2022
	RMB'000	*RMB'000*
Within 3 months	**16,331**	23,274
3 to 6 months	**2,687**	2,720
6 to 12 months	**1,016**	1,631
	20,034	27,625

13 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

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, 2023, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,501 hospitals (1,400 hospitals as of December 31, 2022); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 750 hospitals (700 hospitals as of December 31, 2022); our Peripheral Aspiration System (AcoStream®) had been admitted into 1,100 hospitals (1,000 hospitals as of December 31, 2022); our Radiofrequency Ablation System (AcoArt Cedar®), which was launched in April 2022, had been admitted into 200 hospitals; and our Peripheral Support Catheter (Vericor®) and PTA Ballon (P-Conic®), which was launched in July 2022 and December 2022, respectively, had been listed as candidate for online procurement in 29 provinces and autonomous regions and 18 provinces and autonomous regions, respectively. These numbers are expected to continuously grow.

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 RMB243.1 million, representing a period-on-period increase of approximately 38.6%. Our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, and venous intervention and vascular access products were the major contributors of our revenue.

The layout of our products is diversifying. With continuous launch of our products, our coverage of departments has been expanded to the cardiology, nephrology and neurology.

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

As of June 30, 2023, our products had completed commercialization across 14 overseas 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, primarily including Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®), and PTA balloons products (AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™), generated revenue of approximately RMB88.9 million, accounting for approximately 36.6% of our total revenue.

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, 2023, we had 645 employees in total. We continuously bolster our teams with exceptional talents. During the Reporting Period, we supplemented our research and development team with professionals holding a master's degree or higher, and expanded frontline marketing team. Moreover, we have established a comprehensive training system that assists employees in attaining personal growth and advancing their professional skills. We believe that the support of talents from different aspects will accelerate the development of our business.

Our 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 in 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.

We achieved synergy with the BSC Group by entering into the Framework Agreements.

On July 20, 2023 (after trading hours), we entered into the Master Collaboration Agreement and the Master Service Agreement with BSG, which primarily embody the collaboration in product commercialization, manufacturing services and R&D between the two parties. The entering into of the Framework Agreements would bring together the core competencies of the BSG and us and provide meaningful growth opportunities and create synergetic value for both companies. We will be able to gain additional access to, and enhance reputation and recognition of our products, in the global market, facilitate the R&D of our pipeline products and broaden revenue sources through the transactions contemplated under the Framework Agreements. For capitalized terms and details, please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023, and the circular of the Company dated July 28, 2023.

BUSINESS OVERVIEW

In the first half of 2023, we have obtained NMPA approvals for four of our products. In vascular surgery, we have launched the 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), which offers enhanced treatment efficacy and improved ease of use through design enhancements compared to the first-generation product. In cardiology, we have received NMPA approvals for two products, namely Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®). In nephrology, our Paclitaxel Coated High-pressure Balloon (ACOART AVENS®) has been approved by NMPA, further strengthening our presence in this sector. Furthermore, we received the registration approvals from the Food and Drug Administration of Thailand for Peripheral Support Catheter (Vericor®). The progress of production development had been advancing in 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 announcement, including 14 commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 18 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
				Area	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	✓	✓	CE ★	/
				U.S	✓	○		FDA IDE approval(2023)
	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	Aspiration platform	China	✓	Exempted from clinical trial	NMPA Approval ★	/
				Brazil	✓		ANVISA Approval ★	/
	Radiofrequency Ablation System (AcoArt Cedar®)	Saphenous varicose veins	RF platform	China	✓	✓	NMPA Approval ★	/
	Peripheral Support Catheter (Vericor®)▲	Peripheral CTO lesion	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
				U.S	✓		FDA Approval ★	/
				Brazil	✓		ANVISA Approval ★	/
				Thailand	✓		TFDA Approval ★	/
	PTA Balloon (P-Conic®)	PTA	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)▲	DVT, ALI	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China	✓	○		2025
	Lower Limb Sirolimus DCB	SFA and PPA disease	Drug coating technology	China	✓	○		2025
	Peripheral Triple-Guidewire Balloon	SFA and PPA disease	Polymer materials	China	○	○		2024
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China	○	○		2024
	Peripheral Coil	Embolization	Polymer materials	China	○	○		2024
	Peripheral Rotational Atherectomy Device	Intravascular calcium	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	Semi-Compliant PTCA Balloon (YAN)	PTCA	Polymer materials	China	✓	✓	NMPA Approval ★	/
	Coronary CTO Recanalization Balloon (RT-Zero®)▲	Coronary CTO	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	Coronary CTO Antegrade Micro-Catheter (Vericor-14®)▲	Coronary CTO	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	AcoArt Camellia®	Coronary small vessel diseases	Drug coating technology	China	✓	○		2024
	Coronary Sirolimus DCB	Bifurcation lesions	Drug coating technology	China	✓	○		2024
	Guiding Extension Catheter▲	Coronary CTO	Polymer materials	China	○	Exempted from clinical trial		2024
	Coronary Double-Lumen Selecting Catheter▲	Bifurcation lesions	Polymer materials	China	○	Exempted from clinical trial		2024
	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	○	○		2024
Nephrology	AcoArt Orchid®& Dhalia®/Orchid Plus ☆(DCB)	Arteriovenous fistula stenosis	Drug coating technology	China	✓	✓	NMPA Approval ★	/
	Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)▲	AVF PTA procedure	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	AV Scoring Balloon	AVF PTA procedure	Polymer materials	China	✓	○		2023
Neurology	Intracranial PTA Balloon (NEO-Skater®)▲	Intracranial PTA procedure	Polymer materials	China	✓	Exempted from clinical trial	NMPA Approval ★	/
	AcoArt Orchid®& Dhalia®/Orchid Plus ☆(DCB)	Vertebral atherosclerotic stenosis	Drug coating technology	China	✓	○		2024
	AcoArt Daisy®	Intracranial atherosclerotic stenosis	Drug coating technology	China	✓	○		2024
Andrology	AcoArt Orchid®& Dhalia®/Orchid Plus ☆(DCB)	Vasculogenic erectile dysfunction	Drug coating technology	China	✓	○		2025
	AcoArt Tulip®& Litos® ☆	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" (AcoArt Orchid®) and 0.018" (AcoArt Dhalia®).

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia® in 2016. AcoArt Orchid® & Dhalia® was the first peripheral DCB product launched in China. As of June 30, 2023, we had also launched AcoArt Orchid® in 13 other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey, Thailand and Brazil. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

We are expanding the indications of AcoArt Orchid® & Dhalia® to address the underserved medical needs. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia® indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The RCT enrolled a total of 244 trial subjects in 11 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia®, and a control group, where the subjects receive the treatment using PTA balloons. We have completed the six-month follow-ups and the twelve-month follow-ups for all the trial subjects. According to the six-month follow-ups statistics, patency rate of DCB group is 91.4%, as comparing to the 66.9% patency rate for PTA group. According to the twelve-month follow-ups statistics, patency rate of DCB group is 66.1%, as compared to the 46.4% patency rate for PTA group. In nephrology, we have expanded the indication of AcoArt Orchid® & Dhalia® on treating Arteriovenous Fistula (AVF) stenosis for hemodialysis patients and 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, we are expanding the indications of AcoArt Orchid® & Dhalia® in the treatment of vertebral atherosclerotic stenosis. The subject enrollment of the RCT completed in 2022, 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 RMB126.2 million, representing a period-on-period increase of approximately 2.0%.

2. AcoArt Tulip® & Litos®

AcoArt Tulip® & Litos® is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (AcoArt Tulip®) and 0.014" (AcoArt Litos®). We received the CE Marking for AcoArt Tulip® & Litos® in 2014, the FDA "breakthrough device" designation for AcoArt Litos® in 2019 and the NMPA approval for market for AcoArt Tulip® & Litos® in December 2020, and successfully launched it in China in January 2021. As of June 30, 2023, we had also launched AcoArt Tulip® & Litos® in 12 other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of June 30, 2023, 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.

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip® & Litos® in China and overseas amounted to approximately RMB26.7 million, representing a period-on-period increase of approximately 39.4%.

Other Key Product Candidates

In vascular surgery, other than our Core Products, we have seven other commercialized products and eight product candidates in pipeline. In cardiology, we have three commercialized products and eight product candidates in pipeline. In nephrology, we have one commercialized product and one product candidate in pipeline. We also received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis. In neurology, we have one commercialized product and one product candidate in pipeline. We are also expanding the indications of our AcoArt Orchid® & Dhalia® for the treatment of vertebral atherosclerotic stenosis and vasculogenic ED.

Devices Targeting Vascular Surgery

Other than our Core Products, we have seven commercialized products, namely AcoArt Iris™ & Jasmin™, AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®), Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®) and eight 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, 2023, 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, 2023, 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 in August 2021. As of June 30, 2023, 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, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

5. **Peripheral Support Catheter (Vericor®)** is designed to enhance access to peripheral vessels. Our peripheral support catheters are used together with guidewires to recanalize CTO lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions. We received the NMPA approval in July 2022, and received Brazil ANVISA approval in September 2022 and the section 510(k) registration approvals from the U.S. Food and Drug Administration in November 2022. We further received the registration approvals from the Food and Drug Administration of Thailand in March 2023. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

6. **PTA Balloon (P-Conic®)** is a percutaneous transluminal angioplasty (PTA) balloon designed for arterial dilation of the lower extremities, with a tapered balloon plus high pressure design for optimal vessel preparation. We received the NMPA approval in December 2022. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

7. **2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)** is peripheral aspiration catheter product for removal of blood clots in human peripheral vascular system with improved design of the product to further enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of June 30, 2023, 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, primarily including AcoArt Iris™ & Jasmin™ , AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), and Radiofrequency Ablation System (AcoArt Cedar®) was approximately RMB88.9 million, representing a period-on-period increase of approximately 190.9%. Our revenue from the sales of our other products, primarily including Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®) and Intracranial PTA Balloon (NEO-Skater®), was approximately RMB1.3 million.

Product Candidates in Pipeline

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 2023 and to receive the NMPA approval in 2024.

   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 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 is currently under clinical trial. We expect to receive the NMPA approval in 2025.

    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 receive the NMPA approval in 2024.

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

13. **Peripheral IVL System** is a 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. We expect to receive the NMPA approval in 2026.

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

14. **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.

15. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. We expect to receive the NMPA approval in 2024.

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

Devices Targeting Cardiology

As of the end of the Reporting Period, we have three commercialized product, namely Semi-Compliant PTCA Balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®), and eight product candidates in pipeline.

Commercialized Products

1. **Semi-Compliant PTCA Balloon (YAN)** is a product designed for dilation in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. Semi-Compliant PTCA Balloon (YAN) is also indicated for dilation of coronary artery occlusive lesions to restore coronary blood flow of ST-segment elevation myocardial infarction (STMI) patients. We received the NMPA approval in December 2022. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

   As the Semi-Compliant PTCA Balloon (YAN) was obtained the NMPA approval in December 2022, no revenue was generated from the sales of it during the Reporting Period.

2. **Coronary CTO Recanalization Balloon (RT-Zero®)** is a high-pressure PTCA balloon with a minimum of 0.85mm balloon diameter and a minimum of 0.0160" crossing profile, indicated for dilation in coronary artery stenosis and chronic total occlusion (CTO) lesion to improve myocardial perfusion for patients with coronary ischemia. We received the NMPA approval in March 2023. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

   As the Coronary CTO Recanalization Balloon (RT-Zero®) was obtained the NMPA approval in March 2023, no revenue was generated from the sales of it during the Reporting Period.

3. **Coronary CTO Antegrade Micro-Catheter (Vericor-14®)** is intended to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in April 2023. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

   As the Coronary CTO Antegrade Micro-Catheter (Vericor-14®) was obtained the NMPA approval in April 2023, no revenue was generated from the sales of it during the Reporting Period.

Product Candidates in Pipeline

4. **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 receive the NMPA approval in 2024.

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

5. **Coronary Retrograde Micro-Catheter** is designed for treating coronary artery CTO with a retrograde passing technique. We have made the product registration submission for coronary retrograde micro-catheter with the NMPA and we expect to receive the NMPA approval in 2023.

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

6. **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 2024.

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

7. **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 2024 and to receive the NMPA approval in 2025.

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

8. **AcoArt Camellia®** is a paclitaxel DCB indicated for the treatment of coronary small vessel diseases (SVD). We completed the subject enrollment of the RCT for our AcoArt Camellia® in 2022. We expect to receive the NMPA approval in 2024.

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

9. **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 completed the subject enrollment of the RCT for coronary sirolimus DCB in 2022, and we expect to receive the NMPA approval in 2024.

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

10. **Coronary Scoring Balloon** has a scoring element embedded on the balloon. We expect to receive the NMPA approval in 2024.

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

11. **Coronary IVL System** is a 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

As of the end of the Reporting Period, we have one commercialized product, namely Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®), and one product candidate in pipeline. 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.

Commercialized Products

1. **Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)** is used in PTA for treating AVF stenosis of hemodialysis patients. We have improved the product design, optimized coating technology and applied new material to enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of June 30, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

    As the Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) was obtained the NMPA approval in April 2023, no revenue was generated from the sales of it during the Reporting Period.

Product Candidates in Pipeline

2. **AV Scoring Balloon** has a scoring element embedded on the balloon. We expect 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

As of the end of the Reporting Period, we have one commercialized product, namely intracranial PTA balloon (NEO-Skater®), and one product candidate in pipeline. We are also expanding the indications of our AcoArt Orchid® & Dhalia® in the treatment of vertebral atherosclerotic stenosis.

Commercialized Products

1. **Intracranial PTA Balloon (NEO-Skater®)** is an intracranial PTA balloon to improve perfusion of atherosclerotic intracranial arteries, and it has an improved catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment. We received the NMPA approval in December 2022. As of June 30, 2023, 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 other products, primarily including Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®) and Intracranial PTA Balloon (NEO-Skater®), was approximately RMB1.3 million.

Product Candidates in Pipeline

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

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART DAISY® 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 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, 2023, we had a robust intellectual property portfolio, consisting of 50 registered patents and 29 pending patent applications.

During the Reporting Period, we enhanced our research and development team with technicians in the field of hardware design, process engineering, and materials science, which further improved our talent pool.

Manufacturing

Our production facility in Beijing and Shenzhen has an aggregate gross floor area of approximately 13,000 sq.m. and 9,000 sq.m. respectively.We are currently constructing and renovating new production facilities in Beijing and Shenzhen with gross floor area of approximately 24,000 sq.m. and 5,000 sq.m. respectively. As of June 30, 2023, 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 was 323,500, 173,022 and 53.5%, respectively. We conduct all the manufacturing process of our balloon catheter products in-house.

Sales and Marketing

Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, and our venous intervention 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 RMB152.9 million and approximately RMB88.9 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 7.0% and approximately 190.9%, 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, 2023, 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, 2023, we had 50 registered patents and 141 registered trademarks, as well as 29 pending patent applications and 18 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.

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 expect to broaden our sales and expand our presence globally after entering into of the Framework Agreements with BSG.

FINANCIAL REVIEW

Overview

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

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, 2023 was approximately RMB243.1 million, representing an increase of approximately 38.6% compared to approximately RMB175.3 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) an increase in the sales of Core Product AcoArt Tulip® & Litos®, and (ii) an increase in the sales of new products Peripheral Aspiration System (AcoStream®), which was launched in China in November 2021 and Radiofrequency Ablation System (AcoArt Cedar®), which was launched in China in April 2022. It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the six months ended June 30, 2022. For the six months ended June 30, 2023, revenue from sales of venous intervention and vascular access products accounted for approximately 36.6% of our total revenue, representing an increase of approximately 190.9%, as compared to approximately 17.4% for the six months ended June 30, 2022.

The following table sets forth a breakdown of our revenue:

Revenue	**Six months ended June 30, 2023 (Unaudited)**		Six months ended June 30, 2022 (Unaudited)	
	RMB'000	***Proportion***	*RMB'000*	*Proportion*
Core Products	**152,874**	**62.9%**	142,898	81.5%
AcoArt Orchid® & Dhalia®	**126,192**	**51.9%**	123,756	70.6%
AcoArt Tulip® & Litos®	**26,682**	**11.0%**	19,142	10.9%
Venous intervention and vascular access products	**88,939**	**36.6%**	30,575	17.4%
Others	**1,250**	**0.5%**	1,849	1.1%
Total	**243,063**	**100.0%**	175,322	100.0%

Note: The venous intervention and vascular access products primarily include PTA balloon products, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®).

Cost of Sales

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

The Group's cost of sales for the six months ended June 30, 2023 was approximately RMB47.9 million, representing an increase of approximately 56.9% compared to RMB30.6 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) increase of sales volume of AcoArt Tulip® & Litos® and PTA balloon products, (ii) the inclusion of the cost of sales of Peripheral Aspiration System (AcoStream®) and others in China which were newly launched in 2022, and (iii) scale effect of production.

Gross Profit

As a result of the aforementioned factors, the gross profit of the Group increased by approximately 34.8% from approximately RMB144.8 million for the six months ended June 30, 2022 to approximately RMB195.1 million for the six months ended June 30, 2023, 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 approximately 82.6% for the six months ended June 30, 2022 to approximately 80.3% for the six months ended June 30, 2023, 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, 2023 of approximately RMB13.0 million, representing an increase of approximately 67.2% compared to approximately RMB7.8 million for the six months ended June 30, 2022, primarily attributable to an increase in interest income from bank deposits and government grants.

Other Net (Losses)/Gains

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

The Group recorded other net losses for the six months ended June 30, 2023 of approximately RMB7.1 million, compared to other net gains approximately RMB15.1 million for the six months ended June 30, 2022. The decrease was mainly due to that there was a net foreign exchange loss of approximately RMB8.1 million for the six months ended June 30, 2023, as compared with the net foreign exchange gain of approximately RMB15.2 million for the six months ended June 30, 2022.

Selling and Distribution Costs

The Group's selling and distribution costs for the six months ended June 30, 2023 was approximately RMB45.5 million, representing a increase of approximately 83.8% compared to approximately RMB24.7 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) an increase in the number of sales staff and therefore an increase in staff cost, and (ii) to the fact that more marketing activities were held and more travelling expenses occurred after COVID-19 became under control.

R&D Costs

The Group's R&D costs for the six months ended June 30, 2023 was approximately RMB89.9 million, representing an increase of approximately 16.6% compared to approximately RMB77.1 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) an increase in staff cost due to the increased number of R&D staff, and (ii) the increased material consumed and consultancy fee due to 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,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Employee benefits expense	**40,084**	**44.6%**	28,927	37.5%
Third-party contracting expenses	**9,815**	**10.9%**	22,285	28.9%
Depreciation and amortisation	**4,015**	**4.5%**	2,557	3.3%
Material consumed	**20,336**	**22.6%**	13,876	18.0%
Consultancy fee	**10,548**	**11.7%**	6,135	8.0%
Others	**5,079**	**5.7%**	3,290	4.3%
	89,877	**100.0%**	77,070	100.0%

Note: Employee benefits expense includes Share-based compensation.

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2023 was approximately RMB38.3 million, representing an increase of approximately 14.2% compared to approximately RMB33.5 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) increased depreciation and amortization expenses due to the new lease of plants and buildings in both Beijing and Shenzhen, and (ii) increased office expenses due to the expansion of working area and working staff.

Finance Costs

The Group's finance costs for the six months ended June 30, 2023 was approximately RMB4.4 million, representing an increase of approximately 403.1% compared to approximately RMB0.9 million for the six months ended June 30, 2022. The increase was primarily attributable to the increased interest expense on lease liabilities.

Income Tax

The Group's income tax credits for the six months ended June 30, 2023 was approximately RMB18,000, compared to the income tax expenses of approximately RMB0.2 million for the six months ended June 30, 2022. The change from income tax expense to income tax income was primarily attributable to the reversal of deferred tax liabilities.

Non-IFRS Measures

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

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

	Six months ended June 30, 2023	Six months ended June 30, 2022
	RMB'000	*RMB'000*
Profit for the period	**22,369**	31,096
add:		
Share-based payments[(1)]	**5,260**	3,486
Net foreign exchange losses/(gains)[(2)]	**8,086**	(15,152)
Adjusted net profit for the period[(3)]	**35,715**	19,430

Notes:

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

(2) The amounts represent the net foreign exchange losses/(gains) was included under other net (losses)/gains, which was primarily arised from the fluctuations in foreign currency exchange rates and may not directly correlate with the underlying performance of our business operations.

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

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

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents as at June 30, 2023 were approximately RMB947.8 million, representing a decrease of approximately 3.9% compared to approximately RMB986.5 million (audited) as at December 31, 2022. The decrease was primarily attributable to the increase in capital expenditures.

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

To achieve better risk control and minimize the cost of funds, the Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in deposits mostly denominated in 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, 2023, the Group's total borrowings are interest-bearing bank borrowings which were nil (as at December 31, 2022: nil).

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at June 30, 2023, the gearing ratio of the Group increased to approximately 22.9% from approximately 10.5% as at December 31, 2022. The increase was primarily attributable to the increase of lease liabilities.

Net Current Assets

As at June 30, 2023, the Group's net current assets was approximately RMB1,141.0 million, representing a decrease of approximately 1.4% compared to net current assets of approximately RMB1,157.8 million (audited) as at December 31, 2022.

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, 2023, 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, 2022: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB30.9 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, 2023, there was no charge on assets of the Group (for the six months ended June 30, 2022: nil).

Contingent Liabilities

As at June 30, 2023, we did not have any contingent liabilities (for the six months ended June 30, 2022: nil).

Employees and Remuneration Policies

As of June 30, 2023, we had 645 employees in total. Most of them are stationed in China.

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

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

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to push products development in our pipeline. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

SUBSEQUENT EVENTS

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time. On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time. BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Framework Agreements were duly passed by the Shareholders as ordinary resolutions in the EGM held on August 11, 2023. For capitalized terms and details, please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023, and the circular of the Company dated July 28, 2023.

Save as disclosed above, as at the date of this announcement, the Group has no significant events occurred after the Reporting Period that require additional disclosure or adjustments.

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, 2023:

Intended use of proceeds as stated in the Prospectus	Percentage to total amount	Net proceeds from the IPO	Utilized amount as at June 30, 2023	Unutilized amount as at June 30, 2023	Expected timeline for unutilized amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	
Development and commercialization of our Core Products	32	414,067	168,647	245,420	Year 2027
Development and commercialization of other 24 products	23	297,611	172,315	125,296	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	40,413	50,165	Year 2023
Expand our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments	24	310,550	64,168	246,382	Year 2024
Working capital and other general corporate purposes	8	103,517	67,893	35,624	Year 2025
Repay the Loan	6	77,638	77,638	–	N/A
Total	**100**	**1,293,960**	**591,073**	**702,887**	

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

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, 2023 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 the interim report to be sent to the Shareholders.

PUBLICATION OF THE INTERIM RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

DEFINITIONS AND GLOSSARY

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

"Audit Committee"	the audit committee of the Board
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"Board of Directors" or "Board"	the board of Directors
"BSC"	Boston Scientific Corporation, a Delaware corporation and a company listed on the New York Stock Exchange (Stock Code: BSX)
"BSC Group"	BSC and its subsidiaries but excluding the Group
"BSG"	Boston Scientific Group plc, a public limited company incorporated under the laws of the Republic of Ireland and wholly-owned by BSC, which is the Controlling Shareholder of the Company
"CAD"	coronary artery disease
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules

"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company", "our Company"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"Core Product"	AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, the designated "core product" as defined under Chapter 18A of the Listing Rules
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"Director(s)"	the director(s) of the Company or any one of them
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 24, 2021, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"Prospectus"	the prospectus of the Company dated August 12, 2021
"Reporting Period"	the six months ended June 30, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
%	per cent

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

Hong Kong, August 24, 2023

As at the date of this announcement, the executive Directors are Ms. Jing LI and Mr. Silvio Rudolf SCHAFFNER, the non-executive Directors are Mr. Arthur Crosswell BUTCHER and Ms. June CHANG, and the independent non-executive Directors are Dr. Yuqi WANG, Ms. Hong NI and Ms. Kin Yee POON.