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

2023
INTERIM REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Arthur Crosswell BUTCHER
Ms. June CHANG

Independent Non-executive Directors

Dr. Yuqi WANG
Ms. Hong NI
Ms. Kin Yee POON

REMUNERATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*
Ms. Hong NI
Ms. Jing LI

NOMINATION COMMITTEE

Dr. Yuqi WANG *(Chairperson)*
Ms. Hong NI
Ms. Jing LI

AUDIT COMMITTEE

Ms. Kin Yee POON *(Chairperson)*
Dr. Yuqi WANG
Ms. June CHANG

JOINT COMPANY SECRETARIES

Mr. Chen LI
Ms. Ching Yi LI

AUTHORISED REPRESENTATIVES

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Ms. Ching Yi LI

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Hong Kong

STOCK CODE

6669

Financial Summary

	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%

* For detail of the adjusted items, please refer to Non-IFRS Measures of this interim report.

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 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 are 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. Entering into 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 interim report, 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			NMPA Approval★	/
				U.S		Exempted from clinical trial	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			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 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. 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 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

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 in China. 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 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, 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 (Unaudited)	**%**	RMB'000 (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 RMB'000	Six months ended June 30, 2022 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 U.S. dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

Borrowings and Gearing Ratio

As at June 30, 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 interim report, 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 interim report.

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).

Other Information

CORPORATE GOVERNANCE

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

CHANGE IN DIRECTORS' AND THE SENIOR MANAGEMENT'S INFORMATION

There is no change in the information of the Directors and the senior management of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2022 annual report of the Company.

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

As at June 30, 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

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

Notes:

(1) As at June 30, 2023, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares.

(2) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023, upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. The voting rights attached to the Shares held by Sino Fame Ventures Limited ("**Sino Fame**") are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 18,391,016 Shares held by Cosmic Elite Holdings Limited and 10,528,440 Shares held by Sino Fame under the SFO.

(3) In addition, through Cosmic Elite Holdings Limited, Ms. Li held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

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

Name	Name of Associated Corporations	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in associated corporations (%)
Mr. Arthur Crosswell BUTCHER	Boston Scientific Corporation ("**BSC**")	Beneficial owner	387,920[1]	0.03%
Ms. June CHANG	BSC	Beneficial owner	169,363[2]	0.01%

Notes:

(1) 17,453 shares of BSC are held by Mr. Arthur Crosswell BUTCHER and 370,467 shares underlying BSC in respect of the share options and awards granted to Mr. Arthur Crosswell BUTCHER under employer-sponsored retirement savings plan, share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.

(2) 43,666 shares of BSC are held by Ms. June CHANG and 125,697 shares underlying BSC in respect of the share options and awards granted to Ms. June CHANG under share options schemes and share award schemes of BSC. BSC is the controlling shareholder of the Company and thus is an associated corporation of the Company.

Save as disclosed above, as at June 30, 2023, 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, 2023, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

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

Notes:

(1) As at June 30, 2023, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares.

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

(3) CA Medtech is wholly-owned by CA Medtech II and CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF. CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech. CPE Funds III is a wholly-owned subsidiary of CPE Holdings Limited, which is in turn wholly owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited. CA Medtech and CPE Investment Wu Limited accepted the Partial Offer disclosed in the announcement of the Company dated December 12, 2022 and the Partial Offer closed on February, 2023. Pursuant to the announcement of the Company dated February 9, 2023, upon the close of the Partial Offer, CPE Investment Wu Limited held 616,445 Shares. CPE Investment Wu Limited is held as to 85.16% by CPEChina Fund III and 14.39% by CPE Global Opportunities Fund. (Capitalised terms used herein have the same meanings as defined in the said announcement.)

(4) Cosmic Elite Holdings Limited is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust which was established by Ms. Li as the settlor). Pursuant to the announcement of the Company dated June 15, 2023 upon the restoration of public float on June 15, 2023, Cosmic Elite Holdings Limited held 18,391,016 Shares. In addition, Cosmic Elite Holdings Limited held approximately 2.3% unlisted derivatives interest attached to 7,208,000 Shares of the Company embedded in a contract.

Save as disclosed above, as at June 30, 2023, 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

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, 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 this interim report.

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

Hong Kong, August 24, 2023

Independent Auditor's Review Report

REVIEW REPORT TO THE BOARD OF DIRECTORS OF
ACOTEC SCIENTIFIC HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 31 to 55 which comprises the consolidated statement of financial position of Acotec Scientific Holdings Limited (the "Company") as of June 30, 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

Date: August 24, 2023

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended June 30, 2023 RMB'000	2022 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

The notes on pages 38 to 55 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023 – unaudited
(Expressed in RMB)

	Note	Six months ended June 30, 2023 RMB'000	2022 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

The notes on pages 38 to 55 form part of this interim financial report.

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	10	**87,100**	68,928
Right-of-use assets	10	**231,160**	45,202
Intangible assets		**4,633**	5,098
Goodwill		**1,150**	1,150
Interest in an associate	11	**20,426**	15,550
Financial assets measured at fair value through profit or loss ("FVPL")	12	**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	13	**135,538**	116,435
Trade receivables	14	**116,507**	131,909
Prepayments, deposits and other receivables	15	**29,080**	21,439
Pledged deposits		**200**	200
Cash and cash equivalents	16	**947,779**	986,455
		1,229,104	1,256,438
Current liabilities			
Trade and other payables	17	**57,111**	74,090
Contract liabilities		**4,732**	12,322
Lease liabilities	18	**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

The notes on pages 38 to 55 form part of this interim financial report.

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 liabilities			
Lease liabilities	18	**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

Approved and authorised for issue by the board of directors on August 24, 2023.

Jing Li
Silvio Rudolf SCHAFFNER
Directors

The notes on pages 38 to 55 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 – unaudited
(Expressed in RMB)

	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	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at January 1, 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 June 30, 2022:												
Profit for the period		–	–	–	–	–	–	–	–	–	31,096	31,096
Other comprehensive income		–	–	–	–	–	–	–	93	–	–	93
Total comprehensive income		–	–	–	–	–	–	–	93	–	31,096	31,189
Equity settled share-based transactions	19(a)	–	–	–	–*	3,486	–	–	–	–	–	3,486
Repurchase of shares for share award scheme	19(b)	–	–	(16,560)	–	–	–	–	–	–	–	(16,560)
Balance at June 30, 2022 and July 1, 2022		20	1,370,078	(16,560)	(1)	36,842	172,495	2,500	93	(102,419)	(237,739)	1,225,309
Changes in equity for the six months ended December 31, 2022:												
Profit for the period		–	–	–	–	–	–	–	–	–	39,046	39,046
Other comprehensive income		–	–	–	–	–	–	–	(31)	–	–	(31)
Total comprehensive income		–	–	–	–	–	–	–	(31)	–	39,046	39,015
Equity settled share-based transactions	19(a)	–	–	–	–*	11,765	–	–	–	–	–	11,765
Balance at December 31, 2022		20	1,370,078	(16,560)	(1)	48,607	172,495	2,500	62	(102,419)	(198,693)	1,276,089

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

The notes on pages 38 to 55 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 – unaudited
(Expressed in RMB)

	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	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at December 31, 2022 and January 1, 2023		**20**	**1,370,078**	**(16,560)**	**(1)**	**48,607**	**172,495**	**2,500**	**62**	**(102,419)**	**(198,693)**	**1,276,089**
Changes in equity for the six months ended June 30, 2023:												
Profit for the period		–	–	–	–	–	–	–	–	–	22,369	22,369
Other comprehensive income		–	–	–	–	–	–	–	1,521	–	–	1,521
Total comprehensive income		–	–	–	–	–	–	–	1,521	–	22,369	23,890
Equity settled share-based transactions	19(a)	–	–	–	–*	5,260	–	–	–	–	–	5,260
Balance at June 30, 2023		**20**	**1,370,078**	**(16,560)**	**(1)**	**53,867**	**172,495**	**2,500**	**1,583**	**(102,419)**	**(176,324)**	**1,305,239**

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

The notes on pages 38 to 55 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2023 – unaudited
(Expressed in RMB)

	Note	Six months ended June 30, 2023 RMB'000	2022 RMB'000
Operating activities			
Cash generated from/(used in) operations		**9,918**	(31,635)
Tax paid		**–**	(5,072)
Net cash generated from/(used in) operating activities		**9,918**	(36,707)
Investing activities			
Payment of rental deposits		**(5,206)**	(869)
Payments for the purchase of property, plant and equipment and intangible assets		**(25,733)**	(17,335)
Proceeds from disposal of property, plant and equipment		**–**	4
Payment for purchase of financial assets measured at FVPL		**(6,565)**	–
Payment for investment in an associate		**(5,512)**	–
Interest received		**8,468**	7,782
Net cash used in investing activities		**(34,548)**	(10,418)
Financing activities			
Proceeds from a bank loan		**20,000**	–
Repayment of a bank loan		**(20,000)**	(6,000)
Interest paid		**(308)**	(366)
Payment on purchase of own shares for share award scheme	19(b)	**–**	(16,560)
Capital element of lease rentals paid		**(9,825)**	(4,105)
Interest element of lease rentals paid		**(4,049)**	(500)
Net cash used in financing activities		**(14,182)**	(27,531)
Net decrease in cash and cash equivalents		**(38,812)**	(74,656)
Cash and cash equivalents at the beginning of period	16	**986,455**	1,137,184
Effects of foreign exchange rates changes		**136**	93
Cash and cash equivalents at the end of period	16	**947,779**	1,062,621

The notes on pages 38 to 55 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

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

2 BASIS OF PREPARATION

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

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 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. KPMG's independent review report to the Board of Directors is included on page 30.

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.

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue *(continued)*

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

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.

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

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

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

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Customer A	**102,122**	68,769
Customer B	**51,918**	31,749
Customer C	**35,696**	19,021
	189,736	119,539

(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.

4 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue *(continued)*

(ii) Geographical information *(continued)*

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 June 30, 2023	At December 31, 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
(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)

Notes:

(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%.

(Expressed in RMB unless otherwise indicated)

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 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Addition in right-of-use assets

During the six months ended June 30, 2023, the Group entered into new lease agreements in respect of lease of premises, and therefore recognised additions to right-of-use assets of RMB200,432,000.

(b) Acquisitions of property, plant and equipment

During the six months ended June 30, 2023, the Group acquired items of property, plant and equipment at a cost of RMB25,289,000 (six months ended June 30, 2022: RMB14,667,000).

11 INTEREST IN AN ASSOCIATE

The following list contains the particulars of the Group's associate, all of which is unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Sublime Laser, Inc., ("Sublime")	Incorporated	United States	USD1,000,000	29.7%	Laser machining business

During the six months ended June 30, 2023, the Group injected additional capital of USD790,000 (RMB5,512,000 equivalent) in Sublime (during the year ended December 31, 2022: USD2,175,000 (RMB15,550,000 equivalent)) and enjoyed 29.7% of equity interest in Sublime as at 30 June, 2023.

The associate is accounted for using the equity method in the consolidated statement of financial position.

12 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2023 RMB'000	At December 31, 2022 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 31 December 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).

The analysis on the fair value measurement of the Group's above financial assets is disclosed in Note 21.

13 INVENTORIES

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Raw materials	**85,585**	80,316
Work in progress	**8,103**	6,614
Finished goods	**43,043**	30,412
	136,731	117,342
Write down of inventories	**(1,193)**	(907)
	135,538	116,435

During the six months ended June 30, 2023, the Group provided a write-down of inventories of RMB286,000 (six months ended June 30, 2022: reversed a write-down of RMB14,000) against those inventories with net realizable value lower than carrying value. The write-down is included in cost of sales in the consolidated statement of profit or loss.

14 TRADE RECEIVABLES

	At June 30, 2023 RMB'000	At December 31, 2022 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.

14 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 June 30, 2023 RMB'000	At December 31, 2022 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

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Prepayment for purchase of goods and services	**17,580**	17,135
Value added tax recoverable	**4,963**	3,880
Other deposits and receivables	**6,537**	424
	29,080	21,439

16 CASH AND CASH EQUIVALENTS

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Cash on hand	**23**	23
Cash at bank	**947,756**	986,432
Cash and cash equivalents	**947,779**	986,455

As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB547,791,000 (2022: RMB423,446,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

17 TRADE AND OTHER PAYABLES

	At June 30, 2023 RMB'000	At December 31, 2022 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.

17 TRADE AND OTHER PAYABLES *(continued)*

Ageing analysis

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

	At June 30, 2023 RMB'000	At December 31, 2022 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

18 LEASE LIABILITIES

As of the end of the reporting period, the lease liabilities were repayable as follows:

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Within 1 year	**26,248**	12,263
After 1 year but within 2 years	**26,640**	11,420
After 2 years but within 5 years	**73,121**	24,101
After 5 years but within 10 years	**111,190**	–
	210,951	35,521
	237,199	47,784

19 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Restricted share unit scheme

On January 8, 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.

On January 27, 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 restricted 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. The 1,540,000 restricted shares outstanding at June 30, 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 June 30, 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 June 30, 2022.

On December 12, 2022, the Company approved the adjustment to the vesting condition, that the remaining vesting condition was cancelled and the outstanding unvested 1,480,000 restricted shares on the same date were vested immediately. Meanwhile, the Company forfeited 60,000 granted restricted shares for certain Grantees upon their resignation from the Company. These changes was accounted for as a forfeiture and cancellation to the original RSU scheme.

On July 1, 2022 and December 31, 2022, the Group granted additional 130,000 and 90,000 restricted shares, respectively, to employees without vesting conditions at nil consideration, which were vested immediately on the same date.

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

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

As at June 30, 2023, 10,128,440 ordinary shares were held by Sino Fame Ventures Limited and were not granted and no restricted shares were outstanding under the RSU Scheme.

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

(b) Share award scheme

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

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

The Trust 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 six months ended June 30, 2022. No shares were granted, vested, cancelled or lapsed under the share award scheme during the six months ended June 30, 2023 and 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.

20 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).

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

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

Fair value hierarchy *(continued)*

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

	Fair value at June 30, 2023	**Fair value measurement at June 30, 2023 categorized into**		
	RMB'000	**Level 1**	**Level 2**	**Level 3**
Recurring fair value measurement				
Financial assets measured at FVPL				
– Unlisted units in investment funds	**14,003**	**–**	**–**	**14,003**

	Fair value at December 31, 2022	Fair value measurement at December 31,2022 categorized into		
	RMB'000	Level 1	Level 2	Level 3
Recurring fair value measurement				
Financial assets measured at FVPL				
– Unlisted units in investment funds	7,260	–	–	7,260

During the six months ended June 30, 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

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

The fair value of unlisted units in investment funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at June 30, 2023, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit for the year by RMB700,000 (As at December 31, 2022: RMB363,000).

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

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

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

	Financial assets measured at FVPL RMB'000
As at January 1, 2021 and January 1, 2022	–
Purchases	7,450
Unrealized losses on financial assets at FVPL	(190)
As at December 31, 2022 and January 1, 2023	**7,260**
Purchases	**6,565**
Unrealized gains on financial assets at FVPL	**178**
As at June 30, 2023	**14,003**

22 CAPITAL COMMITMENTS

Capital commitments outstanding at June 30, 2023 and not provided for in the interim financial report were as follows:

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Investment in Trumed Fund	**21,461**	27,376
Acquisition of property, plant and equipment	**10,214**	2,046
	31,675	29,422

23 MATERIAL RELATED PARTY TRANSACTIONS

(i) Material related party transactions

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Royalty fees to InnoRa GmbH (Note i)	**7,331**	7,104
Sale of goods to an affiliated company (Note ii)	**–**	1,797

(ii) Material related party balances

	At June 30, 2023	At December 31, 2022
	RMB'000	RMB'000
Trade payables to InnoRa GmbH (Note i)	**5,145**	6,135

Notes:

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

(ii) The affiliated company refers to Deepintec Scientific Co., Ltd. (北京深瑞達醫療科技有限公司), a company incorporated in the PRC which is controlled by, CPE Holdings International Limited ("CPE"), the previous ultimate controlling party. As disclosed in the Company's announcement dated February 9, 2023, Boston Scientific Group plc ("Boston Scientific") completed partial offer with the shareholders of Company and enjoyed 65% shareholding to the Company. Therefore, Boston Scientific became the controlling shareholder of the Company since February 9, 2023. CPE's shareholding of the Company reduced to 9.7% since February 9, 2023, and therefore both CPE and Deepintec Scientific Co., Ltd. ceased to be a related party of the Company.

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On July 20, 2023, the Company and Boston Scientific have entered into the agreements to collaborate in several areas, including, among other things, research and development, manufacturing, and sales and marketing (collectively, the "Collaborations") from time to time, the detailed information is disclosed in the Company's announcement and circular dated July 20, 2023 and July 28, 2023, respectively.

25 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2022, the directors consider the immediate parent of the Group to be CA Medtech Investment (Cayman) Limited, incorporated in the Cayman Islands and its ultimate controlling party is CPE Holdings International Limited, which is owned by a number of shareholders that are natural persons and controlled by none of them. As disclosed in the Company's announcement dated February 9, 2023, Boston Scientific completed partial offer with the shareholders of Company and enjoyed 65% shareholding to the Company. Therefore, Boston Scientific and Boston Scientific Corporation became the immediate parent and ultimate controlling party of the Company since February 9, 2023.

Definitions

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

"Audit Committee"	the audit committee of the Board
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"Board"	the board of Directors
"BSC"	Boston Scientific Corporation, a Delaware corporation and a company listed on the New York Stock Exchange (Stock Code: BSX)
"BSC Group"	BSC and its subsidiaries but excluding the Group
"BSG"	Boston Scientific Group plc, a public limited company incorporated under the laws of the Republic of Ireland and wholly-owned by BSC, which is the Controlling Shareholder of the Company
"CE Marking"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CG Code"	the "Corporate Governance Code" as contained in Appendix 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", "our Company"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"Core Product(s)"	AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, the designated "core product" as defined under Chapter 18A of the Listing Rules
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"Director(s)"	the director(s) of the Company or any one of them

"FDA"	the U.S. Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IDE"	investigational device exemption, an approval granted by the FDA that allows a medical device to be used in a clinical research study that involves human subjects or human specimens
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"KOLs"	acronym for Key Opinion Leaders; refers to renowned physicians that are able to influence their peers' medical practice
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 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
"PTA"	percutaneous transluminal angioplasty, a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed

Definitions

"RCT"	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions. One of these interventions is the standard of comparison or control
"Reporting Period"	the six months ended June 30, 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
"vasculogenic ED"	vasculogenic erectile dysfunction, the inability to achieve and maintain an erection due to defects in the blood flow
%	per cent