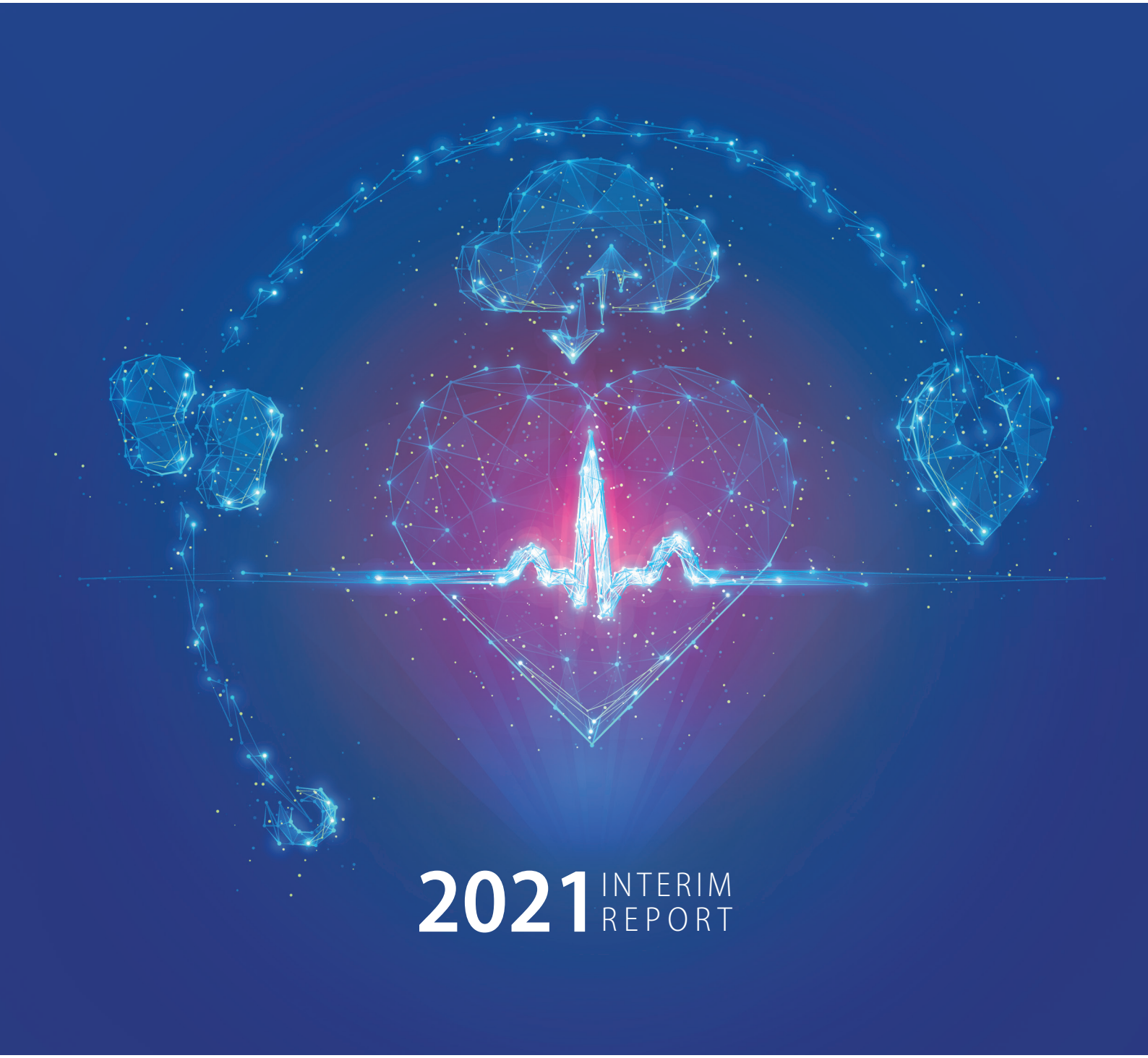
先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

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



2021 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Ke TANG
Mr. Chen CHEN

Independent Non-executive Directors

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDIT COMMITTEE

Ms. Kin Yee POON *(Chairperson)*
Dr. Yuqi WANG
Mr. Chen CHEN

JOINT COMPANY SECRETARIES

Mr. Chen LI
Ms. Ching Yi LI

AUTHORISED REPRESENTATIVES

Mr. Chen CHEN
Ms. Ching Yi LI

COMPLIANCE ADVISER

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PRC

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Cayman Islands

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Beijing
PRC

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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KY1-1102, Cayman Islands

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Deloitte Touche Tohmatsu
Certified Public Accountants and
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

6669

FINANCIAL SUMMARY

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

OVERVIEW

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

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

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

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

Products and Pipeline

All of our products and product candidates are Class III medical devices under the classification criteria of the NMPA. The following chart summarizes the key information of our full product portfolio as of August 3, 2021, including four commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 24 additional product candidates:

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

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

BUSINESS REVIEW

Our Core Products

1. AcoArt Orchid® & Dhalia™

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

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia™ in 2016. AcoArt Orchid® & Dhalia™ was the first peripheral DCB product launched in China. As of August 3, 2021, AcoArt Orchid® & Dhalia™ has covered 1,056 hospitals capable of peripheral vascular interventional treatment in China. As of August 3, 2021, we had also launched AcoArt Orchid® in eleven other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We obtained the approval of registrations for AcoArt Orchid® in Brazil on August 24, 2021.

We are expanding the indications of AcoArt Orchid® & Dhalia™ to address the underserved medical needs of hemodialysis patients with Arteriovenous Fistula (AVF) stenosis. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia™ indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The RCT enrolled a total of 244 trial subjects in 13 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & DhaliaTM, and a control group, where the subjects receive the treatment using PTA balloons. We had completed the six-month follow-ups for all the trial subjects in May 2021 and are in the process of conducting the twelve-month follow-ups required by the protocol of the RCT. We released the six-month follow-ups statistics in June 2021. According to the six-month follow-ups statistics, patency rate of DCB group is 91.3%, as comparing to the 66.7% patency rate for PTA group. We expect to make the product registration submission for the product with the NMPA by the end of 2021 and to receive the NMPA approval in the first quarter of 2023.

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

2. AcoArt Tulip™ & Litos™

AcoArt Tulip™ & Litos™ is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (Tulip™) and 0.014" (Litos™). We received the CE Marking for AcoArt Tulip™ & Litos™ in 2014, the FDA "breakthrough device" designation for AcoArt Litos™ in 2019 and the NMPA approval for market for AcoArt Tulip™ & Litos™ in December 2020, and successfully launched it in China in January 2021. As of August 3, 2021, AcoArt Tulip™ & Litos™ has covered 186 hospitals capable of peripheral vascular interventional treatment in China. As of August 3, 2021, we had also launched AcoArt Tulip™ & Litos™ in eleven other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain and Turkey. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations. We obtained the approval of registrations for AcoArt Tulip™ & Litos™ in Brazil on August 24, 2021. We are also selecting business partners for conducting clinical trials for AcoArt Litos™ in the U.S. and will initiate the relevant application procedures in due course.

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

Other Key Product Candidates

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

Devices Targeting Vascular Surgery

Other than our Core Products, we have two commercialized products, AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™, and 11 product candidates in pipeline.

Commercialized Products

1. **AcoArt Iris™ & Jasmin™** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of SFA/PPA lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Iris™ & Jasmin™ in 2014 and successfully renewed its registration certificate for another five years in June 2019. We also obtained CE Marking for AcoArt Iris™ in 2017. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **AcoArt Lily™ & Rosmarin™** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of BTK lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Lily™ & Rosmarin™ in 2015 and successfully renewed its registration certificate for another five years in May 2020. We also obtained CE Marking for AcoArt Lily™ & Rosmarin™ in 2017. As of August 3, 2021, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

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

Product Candidates in Pipeline

3. **Peripheral Aspiration System** consists of a single-use suction connection tube, a suction pump and a thrombus aspiration catheter designed for use in the percutaneous aspiration thrombectomy for treatment of pulmonary thrombosis and lower extremity deep vein thrombosis (DVT). We made the product registration submission for our peripheral aspiration system with the NMPA in March 2021, and currently expect to receive the NMPA approval for the product in the fourth quarter of 2021. Besides, the suction pump of Peripheral Aspiration System was approved by NMPA on August 5, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Devices Targeting Cardiology

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. **Coronary Sirolimus DCB** is a sirolimus DCB indicated for the treatment of bifurcation lesions in coronary arteries. We have initiated an RCT for our coronary sirolimus DCB in January 2021 to evaluate the safety and efficacy of sirolimus DCB in treating bifurcation lesions in coronary arteries. We plan to initiate the subject enrollment of the RCT for our coronary sirolimus DCB in July 2021, and expect to complete the enrollment of all 230 subjects in the first quarter of 2022 and to complete the RCT in the first quarter of 2023. We expect to make the product registration submission for the product with the NMPA in the third quarter of 2023 and to receive the NMPA approval in the fourth quarter of 2024.

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

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

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

Devices Targeting Nephrology

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

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

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

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

Devices Targeting Neurology

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

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

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

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

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

Devices Targeting Andrology

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

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

Research and Development

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

We primarily adopted a self-development business model. Our research and development team self-developed most of the key technologies used in our products and product candidates, and we own substantially all the rights pertaining to all our products and product candidates, except that the formula of the excipient used in our DCB products (which we believe is a key differentiating aspect of our products) was licensed from InnoRa GmbH, our business partner. Furthermore, as of August 3, 2021, we have a robust intellectual property portfolio, consisting of 25 registered patents and 15 pending patent applications.

Manufacturing

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

The production capacity, actual production volume and utilization rate for our commercialized balloon catheter products in our manufacturing facility for the six months ended June 30, 2021 is 84,429, 38,127, and 45.2%, respectively. We conduct all the manufacturing process of our balloon catheter products in-house.

Sales and Marketing

Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, and our PTA balloon products, AcoArt Iris™ and AcoArt Lily™ & Rosmarin™ in China. We also sell and market AcoArt Orchid® and AcoArt Tulip™ & Litos™ in several overseas countries. For the six months ended June 30, 2021, we generated RMB138.3 million from the sales of our Core Products and a substantial portion of of which is generated from our sales in China. As our current products and product candidates receive more marketing approvals in countries and regions outside China, we expect to generate more sales from overseas markets.

We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. As of August 3, 2021, we had a sales and marketing team of 46 staff members in China, led by the head of our sales and marketing team, Ms. ZHANG Hui, who has vast sales and marketing experience in the medical device industry. We also had sales and marketing staff in India in charge of overseas sales and marketing. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

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

Intellectual Property Rights

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As at August 3, 2021, we had 25 registered patents and 26 registered trademarks, as well as 15 pending patent applications and nine pending trademark applications in China and overseas. There is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

Impact of the COVID-19 Outbreak

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

Future Development

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

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

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

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

FINANCIAL REVIEW

Overview

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

Revenue

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

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

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

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

Cost of Sales

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

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Other Gains and Losses, Net

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

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

Selling and Distribution Expenses

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

R&D Costs

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

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

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

Administrative Expenses

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

Finance Costs

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

Impairment Losses on Financial Assets, Net

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

Income Tax

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

Non-IFRS Measures

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

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

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

Notes:

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

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

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

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

Capital Management

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

Liquidity and Financial Resources

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

We rely on capital contributions by our shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products, including PTA and DCB. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency.

Borrowings and Gearing Ratio

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

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

Net Current Assets

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

Foreign Exchange Exposure

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

Significant Investments, Material Acquisitions and Disposals

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

Capital Expenditure

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

Charge on Assets

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

Contingent Liabilities

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

Subsequent Events

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

Employees and Remuneration Policies

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

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

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

Future Investment Plans and Expected Funding

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

USE OF NET PROCEEDS FROM LISTING

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

INTERIM DIVIDEND

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

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code since the Listing Date and up to the date of this interim report, save for the following deviations.

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

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

Code provision E.1.5 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this interim report.

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 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

The Shares were not listed on the Stock Exchange as at June 30, 2021. Accordingly, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Company as at June 30, 2021. As at the Listing Date, 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]	54,949,087 (L)	17.53%
Mr. Silvio Rudolf SCHAFFNER	Beneficial owner	4,272,065 (L)	1.36%

Notes:

(1) As at the Listing Date, 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). 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 42,720,647 Shares held by Cosmic Elite Holdings Limited and 12,228,440 Shares held by Sino Fame under the SFO.

Save as disclosed above, as at the Listing Date to the date of this interim report, 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

The Shares were not listed on the Stock Exchange as at June 30, 2021. Accordingly, Divisions 2 and 3 of Part XV of the SFO and the Section 336 of the SFO were not applicable to the Company as at June 30, 2021. As at the Listing Date, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/ underlying Shares held[1]	Approximate percentage of shareholding interest in the Company (%)[1]
CA Medtech Investment (Cayman) Limited ("CA Medtech")[2]	Beneficial owner	158,614,642 (L)	50.61%
CA Medtech Investment II Limited ("CA Medtech II")[2]	Interest in controlled corporation	158,614,642 (L)	50.61%
CA Medtech Investment III Limited ("CA Medtech III")[2]	Interest in controlled corporation	158,614,642 (L)	50.61%
CPEChina Fund III, L.P ("CPEChina Fund III")[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Funds III Limited ("CPE Funds III")[2]	Interest in controlled corporation; interest jointly held with another person	161,877,642 (L)	51.65%
CPE Holdings Limited[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Holdings International Limited[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE Global Opportunities Fund, L.P ("CPE Global Opportunities Fund")[2]	Interest in controlled corporation	161,877,642 (L)	51.65%
CPE GOF GP Limited ("CPE GOF")[2]	Interest in controlled corporation; interest jointly held with another person	161,877,642 (L)	51.65%
Cosmic Elite Holdings Limited ("Cosmic Eilte")[3]	Beneficial owner	42,720,647 (L)	13.63%
Nexus Partners Group Limited[3]	Interest in controlled corporation	42,720,647 (L)	13.63%
Vistra Trust (Singapore) Trustee Pte. Limited[3]	Trustee	42,720,647 (L)	13.63%

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/ underlying Shares held[1]	Approximate percentage of shareholding interest in the Company (%)[1]
Morgan Stanley & Co. International plc ("MSCIP")[4]	Underwriter	18,455,000 (L) 10,794,000 (S)	5.88% (L) 3.44% (S)
Morgan Stanley Investments (UK) ("MSIUK")[4]	Interest in controlled corporation	18,455,000 (L) 10,794,000 (S)	5.88% (L) 3.44% (S)
Morgan Stanley International Limited ("MSIL")[4]	Interest in controlled corporation	18,455,000 (L) 10,794,000 (S)	5.88% (L) 3.44% (S)
Morgan Stanley International Holdings Inc. ("MSIHI")[4]	Interest in controlled corporation	18,455,000 (L) 10,794,000 (S)	5.88% (L) 3.44% (S)
Morgan Stanley[4]	Interest in controlled corporation	18,455,000 (L) 10,794,000 (S)	5.88% (L) 3.44% (S)

Notes:

(1) As at the Listing Date, the Company had issued 313,389,171 Shares in total. The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) CA Medtech is wholly-owned by CA Medtech II and CA Medtech III, a subsidiary owned as to approximately 85.61% by CPEChina Fund III, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE Funds III, and as to approximately 14.39% by CPE Global Opportunities Fund, an exempted limited partnership registered in the Cayman Islands, whose general partner is CPE GOF. CPE Funds III and CPE GOF could jointly control the exercise of the voting power held by CA Medtech. CPE Funds III is a wholly-owned subsidiary of CPE Holdings Limited, which is in turn wholly owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited.

(3) Cosmic Elite is a subsidiary owned as to 95.31% by Nexus Partners Group Limited. Nexus Partners Group Limited is wholly-owned by Vistra Trust (Singapore) Pte. Limited (as the trustee of Joy Avenue Family Trust). The voting rights attached to the Shares held by Sino Fame are vested with Ms. Li. Therefore, Ms. Li is deemed to be interested in the 42,720,647 Shares held by Cosmic Elite and 12,228,440 Shares held by Sino Fame under the SFO.

(4) MSCIP is wholly-owned by MSIUK. MSIUK is wholly-owned by MSIL. MSIL is whole owned by MSIHI. MSIHI is wholly-owned by Morgan Stanley.

Save as disclosed above, as at the Listing Date to the date of this interim report, 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 six months ended June 30, 2021, 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

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

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and reviewed and discussed the unaudited interim condensed consolidated financial statements, interim results announcement of the Group for the six months ended June 30, 2021 and this interim report, and recommended their respective adoption by the Board.

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

Hong Kong, August 30, 2021

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ACOTEC SCIENTIFIC HOLDINGS LIMITED
先瑞達醫療科技控股有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Acotec Scientific Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 57, which comprises the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTERS

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended June 30, 2020 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 30, 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Notes	June 30, 2021 *RMB'000* (unaudited)	December 31, 2020 *RMB'000* (audited)
Capital and deficits			
Share capital	15	**15**	14
Deficits		**(290,991)**	(281,023)
Total net deficits		**(290,976)**	(281,009)
Non-current liabilities			
Lease liabilities		**13,914**	15,736
Preferred shares	16	**237,561**	133,760
Deferred tax liabilities		**312**	330
		251,787	149,826
		(39,189)	(131,183)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held under RSU Scheme *RMB'000*	Share-based payments reserve *RMB'000*	Capital reserve *RMB'000* (Note a)	Other reserve *RMB'000* (Note b)	PRC statutory reserve *RMB'000* (Note c)	Accumulated losses *RMB'000*	Sub-total *RMB'000*	Non-controlling interest *RMB'000*	Total equity (net deficits) *RMB'000*
At 1 January 2021 (audited)	14	(267,373)	–	–	172,495	1,113	2,500	(189,758)	(281,009)	–	(281,009)
Loss and total comprehensive expense for the period	–	–	–	–	–	–	–	(12,536)	(12,536)	–	(12,536)
Issuance of shares for RSU Scheme (note 17)	1	–	(1)	–	–	–	–	–	–	–	–
Shares issued under an employee incentive platform (note 17)	1	72,745	–	33,356	–	–	–	–	106,102	–	106,102
Issuance of convertible preferred shares	(1)	–	–	–	–	(103,532)	–	–	(103,533)	–	(103,533)
At 30 June 2021 (unaudited)	15	(194,628)	(1)	33,356	172,495	(102,419)	2,500	(202,294)	(290,976)	–	(290,976)
At 1 January 2020 (audited)	9,839	–	–	–	170,596	–	1,606	(145,022)	37,019	–	37,019
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	17,308	17,308	(48)	17,260
Acquisition of a subsidiary (note 20)	–	–	–	–	–	–	–	–	–	3,062	3,062
At 30 June 2020 (unaudited)	9,839	–	–	–	170,596	–	1,606	(127,714)	54,327	3,014	57,341

Notes:

a. Capital reserve comprises:

(1) An amount of RMB168,621,000 representing the capital injection from immediate holding company in prior years.

(2) An amount of RMB1,975,000 representing deemed contribution from immediate holding company through waiver of amount due to immediate holding company in prior years.

(3) A debit amount of RMB50,057,000, representing the difference between (i) Pine Medical Limited's share capital and (ii) the Company's share capital and share premium upon completion of the group reorganisation during the six months ended December 31, 2020 (details set out in note 2).

(4) An amount of RMB51,956,000, representing the effect of share-based payment transaction in relation to the shares of immediate holding company, CA Medtech Investment (Cayman) Limited, issued to the management of the Group during the six months ended December 31, 2020.

b. Other reserve comprises:

(1) An amount of RMB1,113,000, representing the difference between the consideration paid and the carrying amount of the net assets attributable to the non-controlling interest in VascuPatent Medical (Shenzhen) Co., Ltd., a subsidiary of the Group being acquired during the year ended December 31, 2020.

(2) The debit amount of RMB103,532,000, representing the difference between the par value of share capital and fair value of preferred shares of the Company upon the redesignation and reclassification of ordinary shares as preferred shares.

c. The reserve represents the statutory reserve of a subsidiary in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC subsidiary in the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Six months ended	
	June 30, 2021 *RMB'000* (unaudited)	June 30, 2020 *RMB'000* (unaudited)
Operating activities		
(Loss) profit before tax	(6,590)	18,195
Adjustment for:		
Share-based payment cost	33,356	–
Other operating cash flows	95	1,945
Cash generated from operations	26,861	20,140
Income taxes paid	(5,828)	(4,209)
Net cash from operating activities	21,033	15,931
Investing activities		
Acquisition of a subsidiary	–	672
Payment of rental deposits	(182)	(188)
Purchase of property, plant and equipment	(10,928)	(5,186)
Proceeds from disposal of property, plant and equipment	10	10
Purchase of intangible assets	(360)	(82)
Purchase of financial assets at fair value through profit or loss ("FVTPL")	(29,000)	(45,000)
Proceeds from disposal of financial assets at FVTPL	29,019	33,751
Repayment from a fellow subsidiary	–	17
Placement of pledged bank deposits	(1,750)	–
Interest received	30	23
Net cash used in investing activities	(13,161)	(15,983)
Financing activities		
New bank borrowings raised	142,772	–
Repayment of a bank borrowing	(20,000)	–
Repayment of lease liabilities	(2,823)	(1,865)
Proceeds from issuance of preferred shares	3,262	–
Proceeds from issuance of shares under employee incentive platform	72,746	–
Dividend paid	(323,085)	–
Interest paid	(1,623)	(456)
Payment of issue costs	(2,352)	–
Net cash used in financing activities	(131,103)	(2,321)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Six months ended	
	June 30, 2021 *RMB'000* (unaudited)	June 30, 2020 *RMB'000* (unaudited)
Decrease in cash and cash equivalents	**(123,231)**	(2,373)
Cash and cash equivalents, as of beginning of period	**147,097**	31,524
Effect of foreign exchange rate changes	**(3,160)**	–
Cash and cash equivalents, as of end of period, represented by		
Bank balances and cash	**20,706**	29,151

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

1. GENERAL

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

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

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

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

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

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

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

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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

Sales to distributors

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

Sales to Platform Distributors

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

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

In prior years, the Group had a unilateral right to terminate the sales contracts with the Platform Distributors and refunded the deposits to the Platform Distributors in exchange of goods returned to the Group.

The Group has entered into the new sales contracts with Platform Distributors gradually during the year ended December 31, 2020. Under the new sales contracts with Platform Distributors, the contracts primarily removed the Group's unilateral right to terminate the sales contracts.

Contracts with unilateral right for the Group to terminate

The Group had a unilateral right to terminate the sales contracts with the Platform Distributors and refunded the deposits to the Platform Distributors in exchange of goods returned to the Group. The Platform Distributors do not obtain the control of the products before sales are made to Platform Distributors' customers because the Group had the ability to request return of products. Revenue was recognised at a point in time upon the receipts of the products by the Platform Distributors' customers.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Contracts without unilateral right for the Group to terminate

Revenue is recognised at a point in time when the Platform Distributors obtain the control of products, i.e. upon the receipts of the products by the Platform Distributors.

Sales returns

Based on the Group's sales contracts with the distributors and Platform Distributors, they can only return or request for refund if the product delivered to them does not meet the pre-specified quality requirement; otherwise, the Group does not accept product returns or exchanges without the management's consent.

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

Segment information

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

Geographical information

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

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

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

5. OTHER INCOME

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

Note:

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

6. OTHER GAINS AND LOSSES, NET

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

7. INCOME TAX EXPENSE

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

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

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

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

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

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	June 30, 2021 *RMB'000* (unaudited)	June 30, 2020 *RMB'000* (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	2,688	1,896
Other staff costs		
– Salaries, bonus and other benefits	36,963	19,454
– Retirement benefits scheme contributions	2,498	242
– Share-based payments (note 17)	33,356	–
Total staff costs	75,505	21,592
Capitalised in inventories	(6,477)	(3,579)
	69,028	18,013
Analysed as:		
Charged in selling and distribution expenses	19,664	7,714
Charged in research and development expenses	29,654	5,578
Charged in administrative expenses	19,710	4,721
	69,028	18,013
Cost of inventories recognised as an expense	9,237	6,193
Royalty fees (included in cost of sales)	7,231	3,513
Write-down of inventories	50	1,780
Loss (gain) on disposal of property, plant and equipment	1	(8)
Depreciation of property, plant and equipment	2,396	928
Depreciation of right-of-use assets	3,289	2,339
Amortisation of intangible assets	216	97
Total depreciation and amortisation	5,901	3,364
Capitalised in inventories	(1,264)	(1,262)
	4,637	2,102
Analysed as:		
Charged in selling and distribution expenses	342	351
Charged in research and development expenses	2,121	388
Charged in administrative expenses	2,174	1,363
	4,637	2,102

8. (LOSS) PROFIT FOR THE PERIOD *(Continued)*

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

9. DIVIDEND

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

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

10. (LOSS) EARNING PER SHARE

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

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

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

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

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

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

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

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

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

12. TRADE AND BILL RECEIVABLES

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

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

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

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

13. TRADE AND OTHER PAYABLES

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

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

14. BANK BORROWINGS

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

Notes:

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

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

15. SHARE CAPITAL

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

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

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

	Numbers of shares	Amount *USD*	Amount *RMB'000*
Authorised ordinary shares of USD0.00001 each			
At January 1, 2021 and June 30, 2021	10,000,000,000		
At January 1, 2021	213,603,234	2,136	14
Add: Issuance of shares for RSU Scheme (note 17)	12,228,440	122	1
Issuance of shares under employee incentive platform (note 17)	11,242,275	112	1
Less: Re-designate of ordinary shares as preferred shares (note 16)	(5,995,880)	(59)	(1)
At June 30, 2021	231,078,069	2,311	15

16. PREFERRED SHARES

On December 18, 2020, the Company entered into share purchase agreements with several independent investors and issued 7,682,222 preferred shares (the "Series Crossover Preferred Shares") to these independent investors with a total consideration of USD20,500,000. During the year ended December 31, 2020, the Company received consideration in an aggregate amount of USD20,000,000. The remaining of USD500,000 (equivalent to RMB3,262,000) was subsequently received in January 2021.

On January 8, 2021, the shareholders of the Company passed a resolution to re-designate and re-classified 5,995,880 ordinary shares issued to CA Medtech, the immediate holding company, as preferred shares on an one for one basis, which was regarded as deem distribution to CA Medtech. CA Medtech immediately entered into a purchase agreement with several independent investors to sell and transfer for an aggregate of 5,995,880 preferred shares with a total consideration of USD16,000,000 (equivalent to RMB103,533,000) (the "Series Crossover II Preferred Shares").

As at June 30, 2021, the preferred shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited.

The Company used the discounted cash flow model to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of the convertible preferred shares.

In addition to the underlying equity value of the Company determined by discounted cash flow method, other key valuation assumptions used in Black-Scholes option pricing model to determine the fair value are as follows:

	At June 30, 2021
Time to liquidation	2.5 years
Risk-free rate	0.36%
Volatility	40%
Dividend yield	0%
Possibilities under liquidation scenario	17.5%
Possibilities under redemption scenario	17.5%
Possibilities under Qualified IPO scenario	65%
Discount lack of marketability ("DLOM")	7.5%

16. PREFERRED SHARES *(Continued)*

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

Subsequent to the end of reporting period, all preferred shares have been converted into ordinary shares of the Company at 1:1 conversion ratio upon listing of the Company's shares in the HKEX.

17. SHARE-BASED PAYMENTS

Employee incentive platform

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

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

The fair value of the shares has been arrived at based on a valuation carried out by Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer, on the grant date of the shares.

The Company used back-solve method to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of the shares as of the grant date with reference to the original issue price of Series Crossover Preferred Shares.

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

	At January 8, 2021
Time to liquidation	3 years
Risk-free rate	0.24%
Volatility	44.1%
Dividend yield	0%
Possibilities under liquidation scenario	32.5%
Possibilities under redemption scenario	32.5%
Possibilities under Qualified IPO scenario	35%
DLOM	16.6%

17. SHARE-BASED PAYMENTS *(Continued)*

Employee incentive platform *(Continued)*

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

Restricted share unit scheme

On January 8, 2021, the Board of Directors has approved the a 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.

No restricted share units ("RSU(s)") were granted, vested, cancelled or lapsed under the RSU Scheme during the period ended June 30, 2021. No RSUs were outstanding under the RSU Scheme as at January 1, 2020 and June 30, 2021.

(a) Purpose of the scheme

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

An award of RSUs under the RSU Scheme ("Award(s)") gives a Participant (defined as below) a conditional right upon the vesting of the Award to obtain either shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Remuneration Committee of the Board (the "Remuneration Committee") in its absolute discretion.

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

17. SHARE-BASED PAYMENTS *(Continued)*

Restricted share unit scheme *(Continued)*

(b) Participants of the scheme

Participants of the RSU Scheme (the "Participants") include the following:

(i) the employees or officers (including executive, non-executive and independent non-executive directors of the Group);

(ii) any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons including former employees who, in the sole opinion of the Remuneration Committee of the Company, have contributed or will contribute to the Company or any of its subsidiaries.

(c) Total number of securities available for issue under the scheme

Number of shares that may be delivered under the RSU Scheme are 12,228,440 shares of the Company that are held by Sino Fame Ventures Limited, a nominee shareholder on trust for the RSU Scheme.

(d) Vesting terms

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the Remuneration Committee in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse. Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the Remuneration Committee, or by any other means the Remuneration Committee so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

18. CAPITAL COMMITMENTS

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

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

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurement and valuation process

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

The fair values of preferred shares are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement and valuation process *(Continued)*

	Fair value as at					
	June 30 2021 *RMB'000* (unaudited)	December 31, 2020 *RMB'000* (audited)	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Preferred shares (note 16)	237,561	133,760	June 30, 2021: Level 3	June 30, 2021: Equity allocation model and Black- Scholes option pricing model – the key inputs are: Possibilities under Qualified IPO scenario, risk-free rate, volatility, dividend yield and DLOM	June 30, 2021: Volatility: 40%	The higher the volatility, the lower the fair value (note b)
			December 31, 2020: Level 2	December 31, 2020: Recent transactions price (note a)	December 31, 2020: N/A;	

Notes:

(a) The Group issued Series Crossover Preferred Shares and Series Crossover II Preferred Shares on December 18, 2020 and January 8, 2021, respectively. The directors of the Company consider both preferred shares have the same feature and shareholders' rights and therefore the fair value of the preferred shares as at December 31, 2020 is determined by the recent transactions price abovementioned.

(b) A 10% increase/decrease in the volatility, while all other variables keep constant (including the equity value of the Company), would decrease the carrying amount of preferred shares as at June 30, 2021 by approximately RMB4,418,000, or increase the amount as at June 30, 2021 by approximately RMB4,418,000, respectively.

There were no transfers between Level 1 and 2 during the current interim period.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements

	Preferred shares *RMB'000*
At January 1, 2021	133,760
Re-designation and re-classification from ordinary shares (note 16)	103,533
Change in fair value	268
At June 30, 2021	237,561

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amount of financial assets and liabilities measured at amortised cost in the condensed consolidated financial statements approximates the fair value based on the discounted cash flow analysis.

20. ACQUISITION OF A SUBSIDIARY

On May 27, 2020, the Group acquired an 85% equity interests in VascuPatent Medical (Shenzhen) Co., Ltd. by capital injection into VascuPatent Medical (Shenzhen) Co., Ltd. of RMB18,500,000 in form of cash. VascuPatent Medical (Shenzhen) Co., Ltd. is established in the PRC and principally engaged in the research and development of procedural medical devices for electrophysiological catheters and was acquired with the objective of reducing purchase of drug-coated balloons from external suppliers. The acquisition has been accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	11
Right-of-use assets	3,351
Intangible assets	1,400
Prepayments and other receivables	19,068
Bank balances and cash	672
Other payables	(389)
Lease liabilities	(3,351)
Deferred tax liability	(350)
	20,412

The other receivables acquired with a fair value of RMB19,062,000 at the date of acquisition had gross contractual amounts of RMB19,062,000.

20. ACQUISITION OF A SUBSIDIARY *(Continued)*

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	18,500
Plus: non-controlling interest	3,062
Less: recognised amounts of net assets acquired	(20,412)
Goodwill arising on acquisition	1,150

The non-controlling interest (15%) in VascuPatent Medical (Shenzhen) Co., Ltd. recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of VascuPatent Medical (Shenzhen) Co., Ltd. and amounted to RMB3,062,000.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition of VascuPatent Medical (Shenzhen) Co., Ltd.

	RMB'000
Cash and cash equivalents balances acquired	672

In October 2020, the Group acquired the remaining 15% equity interests in VascuPatent Medical (Shenzhen) Co., Ltd., a subsidiary of the Company for a cash consideration of RMB1,499,000 and VascuPatent Medical (Shenzhen) Co., Ltd. has become a wholly-owned subsidiary of the Company.

Impact of acquisition on the results of the Group

Included in the loss for the period ended June 30, 2020 is loss of approximately RMB321,000 attributable to the additional business generated by VascuPatent Medical (Shenzhen) Co., Ltd. No revenue is generated from VascuPatent Medical (Shenzhen) Co., Ltd. during the period ended June 30, 2020.

Had the acquisition of VascuPatent Medical (Shenzhen) Co., Ltd. been completed on January 1, 2020, revenue for the period ended June 30, 2020 of the Group would have been RMB68,066,000, and profit for the period ended June 30, 2020 would have been RMB17,453,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

21. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"Board of Directors" or "Board"	the board of Directors
"CAD"	coronary artery disease
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company" or "our Company"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"Core Product"	AcoArt Orchid® & Dhalia™ and AcoArt Tulip™ & Litos™, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"Director(s)"	the director(s) of the Company or any one of them
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

"HD" or "hemodialysis"	a type of dialysis treatment for kidney failure. The procedure uses an artificial kidney to remove waste and extra fluid from the blood
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"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
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on August 24, 2021
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 24, 2021, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"Reporting Period"	for the six months ended June 30, 2021

"Prospectus"	the prospectus of the Company dated August 12, 2021
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"%"	per cent