MicroTech Medical (Hangzhou) Co., Ltd.
微泰醫療器械(杭州)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2235)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board of directors (the "**Board**") of MicroTech Medical (Hangzhou) Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2022 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2022, the Group recorded the following annual results:

	Year ended December 31, 2022 *RMB'000*	Year ended December 31, 2021 *RMB'000*	Year-on-year change *%*
Revenue	**173,543**	151,404	14.6
Gross profit	**79,657**	70,883	12.4
Net loss	**(35,043)**	(48,153)	(27.2)
Loss attributable to owners of the parent	**(35,043)**	(48,153)	(27.2)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	**RMB(0.08)**	RMB(0.13)	(38.5)

BUSINESS HIGHLIGHTS

For the year ended December 31, 2022, we recorded revenue of RMB173.54 million, representing an increase of 14.6% from RMB151.40 million for the year ended December 31, 2021. The increase was mainly attributable to (i) the commercialization of AiDEX CGMS; (ii) the continuing growth in domestic terminal implantations of insulin pumps; and (iii) the steady growth in revenue from international sale of BGMS products. Our product portfolio will continue to be benefited from the growing users' demand for diabetes treatment, monitoring and management, as well as the expanding medical insurance payment coverage for innovative medical devices in China and the world. Notwithstanding the pandemic controls on business operations in 2022 bring a negative impact on us, our products still draw year-over-year growth in gross profit, mainly driven by the commercialization of AiDEX CGMS. With the pandemic controls being lifted nationwide at the end of 2022, hospital admissions across the country returned to normal, restrictions for international travel were significantly reduced, and the supply chain gradually stabilized, and thus we expect our revenue and gross profit will continue to grow continuously in 2023.

As of December 31, 2022, we had achieved significant progress in our product R&D pipeline, including (1) our research works in China to extend insulin pump Equil's application to children and adolescents with diabetes (aged between 3 and 18) completed the enrollment of all subjects for the clinical trial stage, and it is expected that the registration application to China's NMPA would be submitted in the first half of 2023; (2) the registration test of our second-generation patch insulin pump system (PanCares Artificial Pancreas) was completed, which was expected to enter into the clinical trial stage in the first half of 2023; (3) we expanded the application of AiDEX, our CGMS, to children and adolescents with diabetes (aged between 2 and 18), with the completed enrollment of subjects for the clinical trial; and as of the date of this announcement, the clinical trial was completed; (4) our new generation CGMS, AiDEX X completed the enrollment of all subjects and as of the date of this announcement, the clinical trial was completed; (5) the registration of meters, blood glucose test strips, and uric acid test strips of Exactive Pro, a three-in-one system, that can be used for simultaneous testing blood glucose, ketone, and uric acid, was completed, and the registration of blood ketone test strips was also submitted. As of the date of this announcement, the registration application for uric acid test strips (for self-testing) of the expanded indication was submitted, the three-in-one system was expected to commence commercialization in the second half of 2023; and (6) the product development stage work of our cloud-based diabetes management software has been completed, and this is expected to be submitted for registration in the first half of 2023. As of December 31, 2022, our R&D expenses were RMB61.09 million, representing a year-over-year increase of 69.3%.

In terms of commercialization, the commercialization of AiDEX CGMS went well as of the date of this announcement. For the twelve months ended December 31, 2022, the revenue generated from the sales of AiDEX amounted to RMB33.84 million, representing an increase of 758.7% from RMB3.94 million for the twelve months ended December 31, 2021. We gradually expanded our marketing and sales personnel in professional hospitals, retail pharmacies, and e-commerce channels. We continued cooperating with endocrine/diabetes professional associations for diabetes therapy education and carried out user education and training, branding, and product trials through new media channels. Our cloud-based diabetes management platform, the "Jiantang system (檢棠系統)", has made entries into more than 800 hospitals as of the date of this announcement. Currently, more than 3,000 doctors and nurses are using the system, which connects blood glucose data within and outside the hospitals to achieve efficient management of the entire patient process across multiple departments at the hospitals and patients, being part of the integrated management plan for diabetes within and outside the hospitals. The system has won the "China Hospital High-Quality Development and Professional Promotion Project — 2022 Preferred Solution • Golden Ruyi Award" (中國醫院高質量發展專業促進工程 — 2022優選解決方案 • 金如意獎). In the international market, we continue to participate in top global diabetes and medical equipment exhibitions, such as EASD and MEDICA. We continuously recruit marketing, training, and customer service staff to promote our admission to medical insurance systems in overseas markets to improve our market share and brand awareness in overseas markets.

Besides actively promoting dynamic blood glucose management, we strive push positively to popularize of China's dynamic blood glucose management. We maintain good cooperation with major diabetes associations in China, the experts sharing their user experiences of our products and system management so that more doctors and patients could have better understanding of our entire system products and management platform. We continuously to invite endocrinologists and specialists in the blood glucose control area to promote blood glucose management for various scenarios to diabetic patients; we also hold KOC (Key Opinion Customer) advisor meetings, building continuous and stable partnerships with blood glucose control specialists and diabetic patients across different scenarios, platforms, and time-and-space. Furthermore, we collaborate with JD Health to bring the promotion of the concept of "24-hour intelligent blood glucose monitoring" from online to offline business districts, community parcel lockers, and subway stations in many first- and second-tier cities, enhancing the awareness of blood glucose management in daily life among diabetic users and demonstrating our brand value.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
REVENUE	*3*	**173,543**	151,404
Cost of sales		**(93,886)**	(80,521)
Gross profit		**79,657**	70,883
Other income and gains	*3*	**108,487**	29,063
Selling and distribution expenses		**(116,700)**	(52,257)
Administrative expenses		**(42,286)**	(41,480)
Impairment losses on financial assets, net		**(2,702)**	(1,229)
Research and development costs		**(61,086)**	(36,083)
Other expenses		**(266)**	(17,033)
Finance costs		**(147)**	(17)
LOSS BEFORE TAX	*4*	**(35,043)**	(48,153)
Income tax	*5*	**–**	–
LOSS FOR THE YEAR		**(35,043)**	(48,153)
Attributable to:			
Owners of the parent		**(35,043)**	(48,153)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*7*	**RMB(0.08)**	RMB(0.13)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(35,043)**	(48,153)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**419**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**419**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**419**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(34,624)**	(48,153)
Attributable to:		
Owners of the parent	**(34,624)**	(48,153)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**89,857**	73,184
Right-of-use assets		**7,260**	6,938
Intangible assets		**12,260**	13,793
Prepayments, other receivables and other assets		**7,738**	1,959
Total non-current assets		**117,115**	95,874
CURRENT ASSETS			
Inventories		**67,335**	34,165
Trade receivables	*8*	**49,257**	27,770
Prepayments, other receivables and other assets		**13,820**	20,352
Cash and cash equivalents		**2,046,570**	2,150,978
Total current assets		**2,176,982**	2,233,265
CURRENT LIABILITIES			
Trade payables	*9*	**19,829**	14,115
Lease liabilities		**453**	115
Other payables and accruals		**49,654**	61,722
Contract liabilities		**11,860**	6,386
Total current liabilities		**81,796**	82,338
NET CURRENT ASSETS		**2,095,186**	2,150,927
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,212,301**	2,246,801

	2022	2021
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**264**	140
Total non-current liabilities	**264**	140
Net assets	**2,212,037**	2,246,661
EQUITY		
Equity attributable to owners of the parent		
Share capital	**425,743**	425,743
Reserves	**1,786,294**	1,820,918
Total equity	**2,212,037**	2,246,661

1. CORPORATE AND GROUP INFORMATION

MicroTech Medical (Hangzhou) Co., Ltd. is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"). The registered office of the Company is located at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China.

During the year, the Group was principally engaged in the research and development, manufacture and commercialisation of medical devices and consumables for diabetes management.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 October 2021.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices and consumables	**169,948**	151,404
Provision of services	**354**	–
Revenue from other sources		
Rental income	**3,241**	–
	173,543	151,404

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**128,063**	107,285
Other countries/regions	**42,239**	44,119
	170,302	151,404
Timing of revenue recognition		
Goods transferred at a point in time	**169,948**	151,404
Services transferred at a point in time	**354**	–
Total revenue from contracts with customers	**170,302**	151,404

The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the year and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Sale of medical devices and consumables	**5,176**	11,905

An analysis of other income and gains is as follows:

	2022	2021
	RMB'000	*RMB'000*
Other income		
Government grants*	**22,183**	4,502
Bank interest income	**55,720**	23,316
Investment income from financial assets at fair value through profit or loss	**–**	1,172
Others	**637**	28
	78,540	29,018
Gains		
Gain on disposal of items of property, plant and equipment	**–**	45
Foreign exchange gains, net	**29,947**	–
	108,487	29,063

* The government grants mainly represent subsidies received from the local governments for compensating expenses arising from research activities and rewarding research and development costs and capital expenditure incurred for certain projects.

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2022	2021
	RMB'000	*RMB'000*
Government grants	**(22,183)**	(4,502)
Foreign exchange differences, net	**(29,947)**	16,477
Equity-settled share award expense	**–**	12,433

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the companies which operates in Mainland China are subject to CIT at a rate of 25% (2021: 25%) on the taxable income. Preferential tax treatment is available to the Company since it was recognised as a High and New Technology Enterprise, and it was entitled to a preferential tax rate of 15% (2021: 15%) during the year. Hangzhou MicroTech E-Commerce Co., Ltd. and Hangzhou Jienuotong Science and Technology Materials Co., Ltd. are qualified as a Small and Micro Enterprise and were entitled to a preferential tax rate of 2.5% (2021: 2.5%) during the year.

The income tax expense of the Group during the year is analysed as follows:

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**–**	–
Deferred tax	**–**	–
Total tax expense for the year	**–**	–

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(35,043)**	(48,153)
Tax at the statutory tax rate of 25% in Mainland China	**(8,761)**	(12,038)
Preferential tax rates enacted by local authority	**8,712**	5,296
Expenses not deductible for tax	**1,552**	3,102
Additional deductible allowance for research and development costs	**(8,323)**	(5,480)
Temporary differences and tax losses not recognised	**6,820**	9,120
Tax charge at the Group's effective tax rate	**–**	–

Deferred tax assets have not been recognised in respect of the following items:

	2022	2021
	RMB'000	*RMB'000*
Tax losses	**276,818**	225,342
Deductible temporary differences	**28,315**	19,954
	305,133	245,296

The Group had tax losses arising in Mainland China of RMB276,818,000 (2021: RMB225,342,000) that will expire in one to ten years for offsetting against taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

6. DIVIDENDS

No dividend has been paid or declared by the Company in respect of the year ended 31 December 2022 (2021: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB35,043,000 (2021: RMB48,153,000), and the weighted average number of ordinary shares of 425,742,600 (2021: 373,164,928) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2021 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

8. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**54,452**	30,342
Impairment	**(5,195)**	(2,572)
	49,257	27,770

Certain of the Group's trading terms with its customers are on credit. The credit period is generally within three months, extending up to six months for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**45,330**	26,752
1 to 2 years	**3,718**	874
2 to 3 years	**194**	142
Over 3 years	**15**	2
	49,257	27,770

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**2,572**	1,343
Impairment losses, net	**2,702**	1,229
Amount written off as uncollectible	**(79)**	–
At end of year	**5,195**	2,572

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Gross carrying amount	**Expected credit loss rate**	**Expected credit loss**
	RMB'000	***%***	***RMB'000***
Less than 1 year	**47,539**	**4.65**	**2,209**
1 to 2 years	**5,178**	**28.20**	**1,460**
2 to 3 years	**690**	**71.88**	**496**
Over 3 years	**1,045**	**98.56**	**1,030**
	54,452	**9.54**	**5,195**

As at 31 December 2021

	Gross carrying amount *RMB'000*	Expected credit loss rate *%*	Expected credit loss *RMB'000*
Less than 1 year	27,954	4.30	1,202
1 to 2 years	1,130	22.65	256
2 to 3 years	440	67.73	298
Over 3 years	818	99.76	816
	30,342	8.48	2,572

9. TRADE PAYABLES

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

	2022 ***RMB'000***	2021 *RMB'000*
Within 1 year	**19,574**	14,017
1 to 2 years	**196**	3
2 to 3 years	**3**	91
Over 3 years	**56**	4
	19,829	14,115

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

BUSINESS REVIEW

Overview

Our mission is to help diabetic patients lead healthier and better lives in China and across the globe. The Group has focused on diabetes management, providing both diabetes treatment and diabetes monitoring medical devices to improve diabetes management domestically and globally.

The Group's key strategic goals are to leverage our strengths in patch insulin pump system and CGMS, to continue further expansion of our marketing network, to develop and launch our closed- loop solutions, to enhance brand awareness of our Core Product and to expand our business into international markets. In the long term, we have developed and planned for deployment of a cloud-based diabetes management platform to bring more clinical benefits to diabetes patients all over the world and reduce economic costs.

Products and Product Pipeline

As of December 31, 2022, we had four major categories of products and pipeline candidates. Our products have obtained 14 medical device registration certificates in the PRC. In addition, nine of our products have obtained CE marking in the EU. We also have one product which has obtained 510(k) approval from FDA. The following chart summarizes the development status of our products and product candidates as of the date of this announcement:

Product Line	Product		Major Markets	Competent Authorities/ Notified Body	Pre-clinica	Clinical	Registration	Commercialization
Patch Insulin Pump System	Equil*	(For adult use)	China	NMPA				
			EU	TÜV Rheinland				
		(For use by children and adolescents with diabetes)	China	NMPA				
	Second-Generation Patch Insulin Pump System		China	NMPA				
CGMS	AiDEX	(For adult use)	China	NMPA				
			EU	TÜV Rheinland				
		(For use by children and adolescents with diabetes)	China	NMPA				
	AiDEX X		China, EU	NMPA, TÜV Rheinland				
Closed-loop Artificial Pancreas System	PanCares Artificial Pancreas		China, EU	NMPA, TÜV Rheinland				
	Cloud-based AI-powered Artificial Pancreas		China, EU	NMPA, TÜV Rheinland				
IVD	BGMS products		China, EU, US	NMPA, FDA TÜV Rheinland				
	Exactive Pro-Glucose, Blood Ketone, Uric Acid Monitory System		China	NMPA				
			EU	TÜV Rheinland				
	Ivocare Multifunctional POCT Products		China	NMPA				

* Core Product

Note: The company will comprehensively consider the registration strategy of our products in the United States based on product performance and technical evaluation factors, and timely update the progress.

Equil Patch Insulin Pump System — Our Core Product

Patch Insulin Pump System ("Equil"), our Core Product, is a semi-disposable patch insulin pump. Compared to traditional tubed pumps, Equil features a tubeless and lightweight design, enabling users to manage diabetes discreetly and safely. In September 2017, Equil received the marketing approval for adult use from the NMPA in China. Equil also received CE marking in the EU in the same year. We have completed the registration of Equil in countries such as the United Kingdom and Netherlands, and have successfully marketed Equil in over 20 countries across Asia Pacific, Europe, the Middle East, Africa, and Latin America. Compared to the available commercialized patch insulin pumps in the global market, Equil's pump has a longer reusable lifespan, rechargeable battery, and a unique pump vibration alarm design.

We have been engaged in the R&D for the expansion of the use of Equil to children and adolescents with diabetes (aged 3 to 18) since the second quarter of 2019. We are preparing for a pivotal clinical trial in China for the purpose of registering Equil for children's and adolescents' use. As of December 31, 2022, the subject enrollment for the clinical trial has been completed. We expect to complete the registrational clinical trial in China and submit the registration application to the NMPA in the first half of 2023.

Second-generation Patch Insulin Pump

We are developing our second-generation patch insulin pump system, featuring smaller size, improved waterproof performance, better adaptability to insulin reservoirs in different sizes, and augmented user-friendliness. The insulin pump, as a continuous insulin delivery device, is also an essential component of the closed-loop artificial pancreas system. We expect to equip our second- generation patch insulin pump with internal control algorithms, which, together with our CGMS, is expected to form the bedrock of our closed-loop artificial pancreas system. As of December 31, 2022, the registration inspection of this product candidate has been completed, and it is expected to commence clinical trial in 2023.

CGMS

AiDEX, our CGMS, is the second commercialized calibration-free real-time CGMS in the world. Since its launch, AiDEX has demonstrated various advantages over traditional BGMS products, featuring real-time monitoring, reduced risk of hyper/hypoglycemia, and increased compliance to treatment regimen without taking routine finger prick blood glucose measurements. AiDEX received CE marking in the EU in September 2020 and obtained the marketing approval for adult use from the NMPA in China. It is the first marketed calibration-free, real-time CGMS product in China. We initiated a clinical trial to expand the application of AiDEX to children and adolescents with diabetes (aged between 2 and 18) in the second half of 2021, as of December 31, 2022, the enrollment of all subjects has been completed. As of the date of this announcement, the clinical trial of this product was completed.

We are leveraging our proprietary technologies to develop a new generation of calibration-free CGMS — AiDEX X to further expand the market and the scope of the applicable population. As evidence of our efforts, the clinical trial for AiDEX X has been completed in China.

By synergistically addressing different target populations, the two generations of AiDEX products will complement each other and thus allow us to deploy a portfolio approach, enabling rapid market penetration and wide user coverage. Our CGMS products will also constitute an essential component of our closed-loop artificial pancreas system.

The commercialization of our AiDEX product is progressing well. For the year ended December 31, 2022, the revenue generated from the sales of the AiDEX product was RMB33.84 million, an increase of 758.7% compared to RMB3.94 million for the twelve months ended December 31, 2021.

Closed-loop Artificial Pancreas System

The closed-loop artificial pancreas system, featuring the intelligent functions in diabetes monitoring and treatment, comprises a closed-loop control algorithm to simulate the feedback regulation mechanism of the human pancreas, so as to realize the automation of treatment and monitoring functions and keep the patients' blood glucose fluctuation rates within a normal or near-normal range.

The system consists of three major components: insulin delivery system (i.e. the patch insulin pump), CGMS and closed-loop control algorithm. Our patch insulin pump system and CGMS have paved the way for us to internally develop the closed-loop artificial pancreas system. As of December 31, 2022, the registration inspection of our closed-loop artificial pancreas system has been completed and it is expected to commence clinical trial in the first half of 2023.

We plan to develop and commercialize our artificial pancreas system indicated for the use of adult patients, and further extend such indication to children and adolescents with diabetes at a later stage. At the same time, we intend to develop a cloud-based artificial pancreas system.

IVD Devices

BGMS Products

Since the establishment of the Company, we have developed and commercialized 15 types of blood glucose meters and seven types of test strips in China. In addition, our BGMS products have received marketing approvals in major overseas markets, including FDA and CE marking of the EU. So far, we have developed and commercialized 12 types of blood glucose meters and six types of test strips abroad. Through our BGMS products, the Company has reached a wider range of diabetic patients, established and expanded sales channels and accumulated customer resources, which supports the market expansion of the Company's innovative medical devices, such as the patch insulin pump system, CGMS, and closed-loop artificial pancreas system.

Exactive Pro — Glucose, Blood Ketone, Uric Acid Monitory System

Exactive Pro is capable of measuring three parameters-blood glucose, blood ketone and uric acid. Exactive Pro obtained CE marking in the EU on May 20, 2022. As of December 31, 2022, the registration of meters, blood glucose test strips, and uric acid test strips of Exactive Pro, a system that can be used for testing blood glucose, ketone and uric acid was completed, and the registration of blood ketone test strips was also submitted. As of the date of this announcement, the registration application for uric acid test strips (for self-testing) of the expanded indication was submitted.

IVocare Multifunctional POCT

Currently, IVocare is capable of detecting HbA1C, MAU and hs CRP+CRP. In August 2021, we obtained the Class II medical device registration certificate from the ZJMPA for the POCT analyzer. In November 2021, we obtained the Class II medical device registration certificates from the ZJMPA for the above three IVD assays.

Cloud-based Diabetes Management Platform "Jiantang system (檢棠系統)"

In addition to achieving a comprehensive layout in the individual treatment product line, the Company has also made breakthroughs in the digital blood glucose management field. With the "Jiantang Hospital-wide Blood Glucose Management System" and the cloud-based diabetes platform, the Company has not only achieved real-time docking and remote data sharing of blood glucose monitoring and treatment equipment, such as BGMS, CGMS, and patch insulin pump systems, but also established network topology among various departments and various hospitals through MicroTech intelligent gateway and intelligent network card. Through the system, doctors and nurses can monitor the blood glucose data and insulin infusion status of patients of various departments on a real-time basis. They can also intervene in high or low blood glucose events promptly, and handle low drug dosage/low battery alarms of equipment, and equipment malfunctions. Patients can independently view their blood glucose and insulin infusion status during hospitalization and home care, increasing their participation in blood glucose management. Patients can also authorize medical personnel to view and intervene in patients' treatment and management programs in a timely manner through the outpatient management function.

According to the warning statement in Rule 18A.08(3) of the Listing Rules: we cannot ensure that we will ultimately be able to successfully develop and market our Core Products and other products. Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

OUR PLATFORM

We have established a strong platform equipped with R&D, manufacturing and commercialization capabilities in the field of diabetes monitoring and treatment devices.

R&D

Our R&D team includes scientists, as well as elite engineers and seasoned experts who graduated from world-renowned universities and served top international medical device companies. Our R&D team has outstanding interdisciplinary capabilities in the relevant fields, such as mechanical engineering, electrical engineering, software engineering, communication engineering and signal processing, electrochemistry, biomedical engineering and mathematics (algorithm) and artificial intelligence. Our key R&D staff have, on average, over 15 years of relevant R&D experience.

Externally, we have built long-standing relationships with industry KOLs, including well- known medical professionals and clinical experts. We leverage their meaningful insights and recommendations to steer our R&D process towards the unmet clinical needs.

With strong independent innovation and R&D capabilities, we were designated as the Key Diabetes Research Center in Zhejiang Province, China, and were also selected as a "Professional, Advanced, Specialized and New" enterprise in Zhejiang Province. In particular, our Core Product, Equil, was designated as an Innovative Medical Device Product by the PRC Ministry of Science and Technology, and our AiDEX has been certified and approved by the NMPA to be applicable to the Special Procedures for Examination and Approval of Innovative Medical Devices issued by the NMPA. Our team, focusing on the R&D of an intelligent cognitive computed based closed-loop artificial pancreas system and was also awarded as "Leading Innovative Team" by the Science and Technology Department of Zhejiang Province. The establishment and application of our artificial intelligence cloud-based management platform for children and adolescents with diabetes was selected as a National Major Scientific Research Program under the 13th Five-Year Plan and has passed the acceptance inspection. The innovation team's program of "an intelligent cognitive computed based closed-loop artificial pancreas system" undertaken by us has passed the acceptance inspection as a program under the Science and Technology Plan of Zhejiang Province.

Manufacturing

The Company owns a manufacturing facility with an aggregate area of approximately 15,000 sq.m. in Hangzhou, China, for the manufacture of our products and product candidates. Our manufacturing facility complies with GMP regulations in the U.S., the EU and China and adheres to strict production and quality control standards to ensure high product quality and safety. We conduct all the key manufacturing procedures in-house. Over the years, we have accumulated a wealth of expertise and skills in the production of diabetes monitoring medical devices, providing us with a solid foundation for rapid growth. Starting in the second half of 2022, we gradually introduced and tested production equipment for automated production lines and optimized the manufacturing process through efficient production throughout all production links, such as material transfer and product production, so as to improve production efficiency and save production and labor costs.

Commercialization

The Company uses a combination of our in-house sales and marketing team and a network of independent distributors to sell our products in China and globally. Our marketing strategy focuses on building awareness for the benefits of our products and generating demand and acceptance for our products among healthcare professionals and patients through our user-centric and clinical-data-driven promotion. Our highly trained sales and marketing team focuses on interacting with physicians and patients to educate them about, and train them in the use method of, our products. We set up branches in Beijing and Shanghai and subsidiaries in Nanjing and Germany to provide off-line support to our local colleagues, which is conducive to our business development in different regions. In 2022, we gradually expanded our marketing and sales personnel in professional hospitals, retail pharmacies and e-commerce channels, and continued to cooperate with endocrine/diabetes professional societies for diabetes therapy education, as well as carried out user education and training, branding and product trials through new media channels. Our cloud-based diabetes management platform "Jiantang system (檢棠系統)" has made entries into more than 800 hospitals. Currently, more than 3,000 doctors and nurses are using the system, which connects blood glucose data within and outside the hospitals to achieve efficient management of the entire patient process across multiple departments at the hospitals and patients, as part of the integrated management plan for diabetes within and outside the hospitals. The system has successfully won the "China Hospital High-Quality Development and Professional Promotion Project — 2022 Preferred Solution • Golden Ruyi Award" (中國醫院高質量發展專業促進工程 — 2022 優選解決方案 • 金如意獎). We have also carried out strategic cooperation with Taikang Insurance Group to jointly develop the industry's first diabetes treatment efficacy insurance and jointly launch the " Insurance and Care for Diabetic Patients" program, which provides diabetic patients with a closed-loop management model of "insurance coverage + online blood glucose management + professional care" over the entire patient process. In the international market, we continued to participate in top professional exhibitions for diabetes and medical devices, including EASD and MEDICA, set up

overseas subsidiaries and continued to recruit localized marketing teams to increase our local brand awareness and service capabilities overseas. We participate in the world's largest hospital and medical equipment exhibition, the MEDICA, on World Diabetes Day, showcasing our innovative medical technologies and one-stop blood glucose management solutions to promote the importance of popularizing diabetes management and education.

Besides actively promoting the concept of dynamic blood glucose management, we strive positively to become a populizer of China's dynamic blood glucose management. We maintain good cooperation with major diabetes associations in China, including close collaboration with Chinese Diabetes Society, Chinese Society of Endocrinology, the Diabetes Nursing Committee of the Chinese Nursing Association, and associations across provinces and cities, through which not only more doctors and patients develop a better understanding of the entire system products and management platform of MicroTech, but also expand our product awareness and penetration rates. We also actively promote academic development in the diabetes field by participating in the development of the first "Expert Consensus on Insulin Pump Nursing Quality Control" in China, led by the Diabetes Nursing Committee of the Chinese Nursing Association, the relevant draft work of which is about to be completed. We continue to invite endocrinologists and diabetes control specialists to promote blood glucose management for various scenarios to diabetic patients. For instance, during the COVID-19 pandemic, we continue to promote knowledge of virus prevention, healthy diet, safety-related exercise, as well as emergency handling methods for blood glucose abnormalities to a large number of diabetic patients. We hold Key Opinion Customer (KOC) advisor meetings, building continuous and stable partnership with blood glucose control specialists and diabetic patients across different scenarios, platforms, and time and space. Furthermore, we collaborate with JD Health to bring the promotion of the concept of "24-hour intelligent blood glucose monitoring" from online to offline business districts, community parcel lockers, and subway stations in many first- and second-tier cities, enhancing the awareness of blood glucose management in daily life among diabetic users and demonstrating our brand value.

FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, we generated major revenue from sales of medical devices, including Equil, BGMS and CGMS and others.

For the year ended December 31, 2022, the Group's revenue was RMB173.54 million, representing an increase of 14.6% from RMB151.40 million for the year ended December 31, 2021. The increase was mainly due to the Company's launch of new products in 2021 and the continuing commercialization of CGMS.

The following table sets forth a breakdown of our revenue:

	For the year ended December 31,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
BGMS	**67,847**	**39**	70,965	47
Equil	**67,273**	**39**	73,137	48
CGMS	**33,843**	**20**	3,940	3
Others	**4,580**	**2**	3,362	2
Total	**173,543**	**100**	151,404	100

Cost of Sales

Our cost of sales primarily consists of material costs, staff costs and others.

For the year ended December 31, 2022, the Group's cost of sales was RMB93.89 million, representing an increase of 16.6% from RMB80.52 million for the year ended December 31, 2021. The above increase was mainly due to the increase in staff costs and raw material costs as a result of an increase in the overall sales volume of the Company.

Gross Profit and Gross Margin

As a result of the factors described above, the gross profit of the Group increased by 12.4% from RMB70.88 million for the year ended December 31, 2021 to RMB79.66 million for the year ended December 31, 2022. Gross margin is calculated at gross profit divided by revenue. The Group's overall gross margin decreased from 46.8% for the year ended December 31, 2021 to 45.9% for the year ended December 31, 2022, because the proportion of the revenue generated from the sales of the Patch Insulin Pump System with higher gross profit margin declined, the gross profit margin of Equil Patch Insulin Pump System, our Core Product, remained stable, and the gross profit margin of CGMS recorded significant rise.

Other Income and Gains

Our other income and gains increased by 273.3% from RMB29.06 million for the year ended December 31, 2021 to RMB108.49 million for the year ended December 31, 2022, mainly due to an increase in government grants, interest income, and foreign exchange gains. The interest income represented interest on demand deposits generated from the Group's bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 123.3% from RMB52.26 million for the year ended December 31, 2021 to RMB116.70 million for the year ended December 31, 2022, mainly due to an increase in staff costs and marketing costs of RMB58.42 million.

Administrative Expenses

Our administrative expenses increased by 1.9% from RMB41.48 million for the year ended December 31, 2021 to RMB42.29 million for the year ended December 31, 2022, mainly due to the combined effect of decrease in equity-settled share award expense of RMB12.43 million and increase in staff costs and professional services fee of RMB10.66 million.

Research and Development Costs

Our research and development costs increased by 69.3% from RMB36.08 million for the year ended December 31, 2021 to RMB61.09 million for the year ended December 31, 2022, primarily due to an increase in staff costs, service fees, and material costs.

The following table sets forth a breakdown of our research and development costs:

	For the year ended December 31,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**27,047**	**44**	16,991	47
Service fees	**16,667**	**27**	7,325	20
Material costs	**10,907**	**18**	4,468	12
Depreciation and amortization	**3,443**	**6**	3,738	10
Others	**3,022**	**5**	3,561	9
Total	**61,086**	**100**	36,083	100

Other Expenses

Our other expenses decreased by 98.4% from RMB17.03 million for the year ended December 31, 2021 to RMB0.27 million for the year ended December 31, 2022, primarily due to the recognition of foreign exchange gains instead of loss in 2022.

Impairment Losses on Financial Assets, Net

Our impairment losses on assets, net increased by 119.5% from RMB1.23 million for the year ended December 31, 2021 to RMB2.70 million for the year ended December 31, 2022, primarily due to the increased impairment of trade receivables.

Finance Costs

Our finance costs increased from RMB0.02 million for the year ended December 31, 2021 to RMB0.15 million for the year ended December 31, 2022, primarily due to the increase of interest on lease liabilities in 2022.

Income Tax Expense

Our income tax expense was nil for the years ended December 31, 2021 and 2022.

Loss for the Year

As a result of the foregoing, we incurred losses of RMB48.15 million and RMB35.04 million for the year ended December 31, 2021 and the year ended December 31, 2022, respectively.

Net Current Assets

Our net current assets decreased from RMB2,150.93 million for the year ended December 31, 2021 to RMB2,095.19 million for the year ended December 31, 2022, primarily due to expenses in the operating activities of the Company.

Loans and Gearing Ratio

As of December 31, 2022, the Group had no interest-bearing bank and other borrowings. The gearing ratio is calculated at the Group's debts divided by assets. As of December 31, 2022, the Group's gearing ratio was 3.6%.

Significant Investment held

The Group had no significant investment held during the year ended December 31, 2022.

Material Acquisitions

The Group had no material acquisition or disposal of subsidiaries, associates and joint venture during the year ended December 31, 2022.

Contingent Liabilities

As at December 31, 2022, we had no contingent liabilities.

Foreign Exchange Risks

We are exposed to foreign exchange rate risks. Certain of our bank balances and trade receivables are denominated in foreign currencies and are thus exposed to foreign exchange risks.

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.

Employees and Remuneration

We had 659 employees as of December 31, 2022, compared to 523 employees as of December 31, 2021, primarily due to an increase in marketing and R&D headcount.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in accordance with applicable PRC laws.

FUTURE AND OUTLOOK

We operate in a large and fast-growing diabetes monitoring, treatment and management market in China and globally with significant unmet clinical needs. The Company has been committed to innovating and integrating diabetes monitoring and treatment methods to enhance and improve diabetes management solutions in China and around the world. Our vision is to become the global leader in the field of diabetes management. We plan to implement the following strategies to achieve our vision and strategic goals.

Continue to improve the market share and brand reputation of the patch insulin pump Equil in the Chinese market

According to CIC data for 2021, out of 130 million people living with diabetes in China, there are still millions of people with diabetes who are suitable for insulin pump therapy but have not received or are not aware of intensive insulin therapy, and accordingly the market potential is huge. We expect the market size of China's insulin pump market to grow significantly due to the increasing recognition of insulin pumps for their clinical efficacy, the wider adoption of intensive insulin therapy, and other factors.

Since the commercialization of patch insulin pump Equil in China, our products have been used in more than 1,000 local hospitals. The Company has established a sales network consisting of more than 300 distributors and over 200 sales representatives, covering the sales of Equil in 30 provinces, municipalities and autonomous regions in mainland China. Internationally, in order to promote our Equil in global commercialization, we strengthened the promotion of offshore channels of products and the local marketing by international business personnel, the establishment of wider sales channels and networks, which have promoted our products in the local reputation. We also tightened cooperation with the local distributors through irregular training. These provide a sound foundation for our sales growth going forward. Patch insulin pump was included in the "Guidelines for Insulin Pump Therapy in China". As the first and only patch insulin pump product currently approved in China, we believe the Equil brand will continue to benefit from the public's improved awareness of active management and treatment of diabetes and patients' demands for more portable and more affordable products. In the second half of 2022, the Company expanded its sales, marketing and customer service teams to promote our products and services in the hospitals and individual user markets. We will make comprehensive use of the internal marketing team and the distributor network to reach the patient end-users, continue to provide product on-site display and training courses to popularize intensive insulin therapy, and regularly participate in seminars with top KOLs and medical experts to enhance the acceptance of insulin pump therapy in diabetic patient group, continuing to expand the accessibility and popularity of Equil brand products.

Rapidly commercialize AiDEX CGMS in the PRC market

On November 4, 2021, the NMPA officially approved the registration application of the Company's innovative product "CGMS" (AiDEX). As the first marketed calibration-free, real-time CGMS in China, it adopts a number of core technologies pioneered in China with a clinical advantage that no fingertip blood calibration is required for the maximum usage of 14 days. The results of the multicenter clinical study of the product have been published in internationally renowned journals previously. The product's mean absolute relative difference (MARD) is 9.08% as compared with the venous blood reference value, which is at the international leading level.

In 2023, the Company will continue to expand the production capacity of the Hangzhou factory to meet the growing market demand. We will enlarge our training, service and sales teams, focus on promoting AiDEX brand products in the hospital professional market, retail channels, e-commerce and health management platforms, and continue to provide high-quality blood glucose management services to various types of diabetics. The Company will also continue to cooperate with diabetes professional societies and medical institutions to advocate internationally accepted diabetes management standards (namely, to manage blood sugar levels within the "time in target range" which is known as "Time-in Range"), to remind Chinese diabetics to pay attention to daily blood glucose management and control the progression of the disease. With the increase in public awareness of the importance of chronic disease management, and with the performance advantages and excellent clinical performance of AiDEX products, combined with the Company's professional accumulation and channel advantage in the field of diabetes over the years (it has built commercialization teams for insulin pumps and BGMS and successfully commercialized "Exactive EQ (倍穩)" brand blood glucose meter, Equil brand patch insulin pump and other products), we anticipate that the market share of AiDEX products in China's blood glucose monitoring product market will continue to grow. AiDEX products will also become the major momentum to drive the Company's performance growth.

Continue to increase the market share in the international market, and become an international leading brand in the field of diabetes devices

The Company's long-term strategic goals include becoming a leading brand of diabetes treatment and monitoring devices in the international market, with expansion into the European and emerging markets as a strategic focus of the Company. The advantages of our products, combined with the Company's market expansion capabilities, will allow the Company to benefit from the higher level of medical expenses and insurance coverage in the above-mentioned regions, as well as the higher acceptance of intensive diabetes treatment and continuous monitoring and management therapy by local physicians and patients.

Currently, the Company has successfully expanded market access and product sales in more than ten countries in Europe, as well as in the Middle East, North Africa and other countries. Our Equil brand has been sold and used in Italy, the Netherlands, Poland, Israel, and other countries, and has been well received by local physicians and patients. The Company's AiDEX CGMS product has now entered the core European markets such as the United Kingdom and Italy. In 2023, we expect that AiDEX products will continue to be marketed and promoted in more European countries, with access to local medical insurance/commercial insurance systems. A number of the Company's BGMS products have also been sold in Europe, Latin America, Asia Pacific and other countries, and have maintained continuous growth.

Continue to promote the research and development of pipeline products in the field of diabetes treatment and monitoring

The Company will continue to invest in technological innovation and product research and development to enhance the Company's long-term competitive advantage in the diabetes and chronic disease management industry. In 2023, we will continue to promote the development and clinical registration of product candidates under development as scheduled, complete the expansion of indications of Equil and CGMS for children and adolescents, and promote the R&D and clinical work of more advanced second generation patch insulin pumps and the next generation of AiDEX X CGMS. Besides, the Company will continue to invest in the development and optimization of artificial pancreas products and digital management platform, and will be dedicated to providing medical professionals and diabetic patients with products and disease management tools with better clinical outcomes, easier use, and more affordable costs.

Impact of COVID-19 Outbreak

The COVID-19 pandemic has reduced our on-site education activities in hospitals and limited global market promotion efforts. We have actively mobilized internal and external resources and utilized our operational capabilities to minimize the adverse effects of the COVID-19 pandemic on our business.

Despite the diminishing pandemic impacts on our business and operations due to nationwide COVID-19 restrictions lifted in December 2022, there is no assurance that the COVID-19 pandemic will be contained globally in the future, so we will continue to closely monitor the impacts of the COVID-19 pandemic on us and implement necessary response measures to mitigate its impacts on our performance, financial conditions, and operations.

Events after the Reporting Period

The Company received an official approval from the CSRC regarding the implementation of a further round of the full circulation program of the H shares of the Company, pursuant to which, 3,517,513 domestic shares of the Company can be converted into H shares of the Company, and the listing thereof on the Stock Exchange. For further details, please refer to the announcement of the Company dated March 20, 2023.

Save as aforesaid, there had not been any other events of material impact on the Group since December 31, 2022 and up to the date of this announcement.

Compliance with the CG Code

The Company is committed to maintaining high standards of corporate governance, and has applied the code provisions as set out in the CG Code. During the Reporting Period, the Company complied with all applicable code provisions under the CG Code, save for deviation from code provision C.2.1.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board and chief executive officer should be separated and should not be performed by the same individual. As at the date of this announcement, the roles of the Chairman and the CEO of the Company were held by Dr. Zheng Pan.

The Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. Zheng is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as the CEO. The Board also believes that vesting the roles of both the chairman and the CEO in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this arrangement will enable the Company to make and implement decisions promptly and effectively.

Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises two non-executive Directors and four independent non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Zheng and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly.

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

Compliance with Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2022.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Company will arrange the time of convening the forthcoming annual general meeting (the "**AGM**") as soon as practicable, a circular and notice of the AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Company's articles of association. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in due course.

REVIEW OF FINANCIAL RESULTS

The Audit Committee has considered and reviewed the consolidated annual results of the Group for the year ended December 31, 2022 and the accounting principles and practices adopted by the Group, and has discussed with management of the Company on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the consolidated annual results of the Group for the year ended December 31, 2022 are in compliance with the relevant accounting standards, laws and regulations.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.microtechmd.com) and the website of the Stock Exchange.

The 2022 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"artificial pancreas"	an integrated diabetes management system that tracks blood glucose levels using a continuous glucose monitor and automatically delivers the insulin when needed using an insulin pump according to its control algorithm
"BGMS"	blood glucose monitoring system
"blood glucose"	blood glucose, also referred to as blood sugar, is the amount of glucose in your blood, an indicator of diabetes monitoring
"Board" or "Board of Directors"	the board of Directors of our Company
"calibration-free"	also known as "factory-calibrated", the ability to use the sensor without the need for BGMS calibration; while users may opt to calibrate at his/her own discretion, a calibration-free CGMS does not require the user to perform a finger stick blood glucose calibration before displaying the glucose values
"CE marking"	a certification marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CEO" or "Chief Executive Officer"	chief executive officer of our Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules

"CGMS"	continuous glucose monitoring system
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
"Chairman"	chairman of the Board
"China" or "PRC"	People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "the Company", "MicroTech" or "MicroTech Medical"	MicroTech Medical (Hangzhou) Co., Ltd.* (微泰醫療器械(杭州)股份有限公司), a limited liability company incorporated in the PRC on January 20, 2011 and converted into a joint stock limited liability company incorporated in the PRC on November 6, 2020, and the H Shares of which are listed on the Hong Kong Stock Exchange with stock code 2235
"Core Product"	Equil Patch Insulin Pump System, the designated "core product" as defined under Chapter 18A of the Listing Rules
"Diabetic patients"	A friendly term for diabetics
"Director(s)"	the directors of the Company
"Dr. Zheng"	Dr. Zheng Pan (鄭攀), the chairman of the Board, an executive Director, the Chief Executive Officer of the Company
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries from time to time

"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which is/are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"HbA1C"	hemoglobin A1C, one of the indicators in the monitoring and management of diabetes
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"hs CRP+CRP"	high-sensitivity C-reactive protein test, also known as full — range CRP test; regular CRP test measures general levels of inflammation in your body, while high sensitivity CRP test detects presences of low levels blood CRP which is usually associated with certain heart conditions
"IVD"	in vitro diagnostic medical devices, referring to devices such as reagent, calibrator, control material, kit, specimen receptacle, software, instrument, apparatus, equipment, or system, whether used alone or in combination, intended by the manufacturer for tests performed on samples taken from the human body, such as swabs of mucus from inside the nose or back of the throat, or blood taken from a vein or fingerstick
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"MAU"	one of the indicators in the monitoring and management of diabetes
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"NMPA"	National Medical Products Administration (中國國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (中國國家食品藥品監督管理總局)
"R&D"	research and development

"Reporting Period"	the year ended December 31, 2022
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "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) in the capital of our Company with a nominal value of RMB1.0 each
"Shareholder(s)"	holder(s) of our Share(s)
"U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Taikang Insurance Group"	Taikang Insurance Group Inc.
"ZJMPA"	Zhejiang Medical Products Administration (浙江省藥品監督管理局)

By order of the Board
MicroTech Medical (Hangzhou) Co., Ltd.
Zheng Pan
Chairman of the Board

Hangzhou, the PRC, March 27, 2023

As at the date of this announcement, the board of directors of the Company comprises Dr. Zheng Pan, Dr. Yu Fei, Dr. Shi Yonghui and Ms. Liu Xiu as executive Directors of the Company, Mr. Hu Xubo and Ms. Gao Yun as non-executive Directors of the Company, and Dr. Li Lihua, Ms. Wang Chunfeng, Mr. Ho Kin Cheong Kelvin and Dr. Cheng Hua as independent non-executive Directors of the Company.