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, 2024

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2024, the Group recorded the following annual results:

	Year ended December 31, 2024 *RMB*	Year ended December 31, 2023 *RMB* (restated)	Year-on-year change *%*
Operating revenue	**345,615,086.92**	253,227,561.50	36.5
Gross profit	**182,848,999.98**	120,665,180.75	51.5
Net loss	**(63,118,238.98)**	(125,015,870.94)	(49.5)
Loss attributable to owners of the parent	**(63,118,238.98)**	(125,015,870.94)	(49.5)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	**(0.15)**	(0.29)	(48.3)

BUSINESS HIGHLIGHTS

In 2024, we were firmly committed to enhancing the coverage and accessibility of our medical products and services, consistently providing innovative solutions for diabetic patients, and steadily strengthening our core competencies in product research and development, production, and commercialization to drive the high-quality development of our overall business.

During the Reporting Period, we achieved operating revenue of RMB345.62 million, representing an increase of 36.5% from RMB253.23 million for the year ended December 31, 2023, among which RMB180.43 million was generated from the sales of CGMS, the revenue of which increased by 138.3% from RMB75.71 million for the year ended December 31, 2023. The significant growth in our revenue was mainly attributable to the launch and commercialization of a new generation of CGMS.

During the Reporting Period, our gross profit was RMB182.85 million, representing an increase of 51.5% from RMB120.67 million for the year ended December 31, 2023, and our gross profit margin was 52.9%, representing an increase of 5.2 percentage points from 47.7% for the year ended December 31, 2023. The increase in gross profit and gross profit margin was mainly attributable to the significant increase in the share of sales of CGMS and the improvement in the efficiency of our production scale.

During the Reporting Period, our net loss was RMB63.12 million, representing a significant decrease from the loss of RMB125.02 million for the year ended December 31, 2023, which was mainly attributable to the Company's expansion of sales scale, the implementation of the comprehensive budgetary control and the improvement of operational efficiency under refined management.

As at December 31, 2024, the balance of the Company's monetary funds was RMB1.697 billion, showing sufficient cash reserves of the Company.

In terms of product R&D pipeline, we have been insisting on independent innovation and self-development. As at the date of this announcement, we have made a number of important progresses as follows:

(1) the new generation of AiDEX X CGMS, which is more superior in performance and more convenient and easier to use, has been approved by the NMPA and the EU, and entered the rapid commercialization stage; Meanwhile, applications for registration of indications for paediatric and adolescent diabetes patients have been submitted to the NMPA and the EU.

(2) PanCares closed-loop artificial pancreas system has passed the NMPA's innovation review process and an application for registration has been submitted to the NMPA.

(3) the second-generation patch insulin pump system with a higher waterproof level and a better adaptability with larger capacity has been submitted to the NMPA for registration.

(4) the Equil Patch Insulin Pump System, which is applicable to children and adolescents with diabetes has been submitted to the NMPA and the European Union for registration.

(5) AiDEX CGMS has been extended to children and adolescent diabetic patients, and has been approved by the NMPA and the European Union for registration.

(6) The multifunctional all-in-one testing device (blood glucose/blood ketone/uric acid), equipped with the "Jiantang Blood Glucose Management System", has been approved by the Zhejiang MPA.

(7) Jiantang Hospital-wide Blood Glucose Management System has been approved by the Zhejiang MPA.

In addition, leveraging our hardware and data advantages in dynamic diabetes monitoring and patch insulin pump therapy, we have conducted research on applying AI technology to enhance the effectiveness of diabetes treatment and management. These studies will contribute to strengthening our core competitiveness in the field of diabetes management.

In February 2024, we established the post-doctoral research station focused on the development of cutting-edge technologies for diabetes treatment. In December, we participated in the national key technology special project titled "Establishment and Application Evaluation of a Standardized Prevention and Control Plan for Type 1 Diabetes", aiming to establish an accurate management system to improve the metabolic compliance rate and life expectancy of diabetes patients. During the Reporting Period, our R&D investment amounted to RMB76.56 million, maintaining an increase from RMB70.10 million for the year ended December 31, 2023, which was mainly used for the increase in staff expenses, continuous development of new products and commencement of clinical trials.

Product Innovation and Market Performance

In April 2024, we officially launched AiDEX X, a new-generation of CGMS, which has enhanced user experience with its thin and light features, precision and integrated design. As of the date of this announcement, our CGMS has accumulated more than 600,000 users. Our Core Product, the Equil Patch Insulin Pump System, has covered over 1,100 hospitals across the country, still maintaining a leading position of domestic insulin pump system.

Professional Market Academic Promotion

We have strengthened cooperation with professional institutions such as the Chinese Medical Association, participated in national academic conferences on endocrinology and diabetes, and carried out training on the "Code of Therapeutic Care Management of Insulin Pumps" to strengthen clinical cognition.

Diversified E-commerce Channel Strategy

Our e-commerce channels have established a comprehensive ecosystem comprising "e-commerce flagship stores + new media matrix + private domain communities", with sales scale experiencing rapid year-on-year growth compared to 2023.

Breakthrough in Globalisation Strategy

The Company's products now cover 108 countries and regions worldwide. The next-generation LinX CGMS has obtained CE certification and has been included in the healthcare reimbursement systems of multiple European countries. It has also achieved market access in several emerging markets, including the Middle East, Asia-Pacific, and South America. The Company has preliminarily established a global commercial layout while initiating the development of a cross-border e-commerce platform and localised service systems, and participating in multiple international and academic exhibitions such as MEDICA, EASD, and ATTD.

Research and Development and Clinical Progress

The Company initiated the first domestic multi-center study on the Supervised Short-Term Insulin Intensive Therapy for the Reversal of Newly Diagnosed Type 2 Diabetes Mellitus Based on a Patch Insulin Pump and Real-Time Dynamic Glucose Monitoring Technology, and enrollment has completed and then entered into the follow-up phase. In Europe, enrollment in the post-marketing clinical trial of the Company's Equil Insulin Pump System has exceeded 50%, which will provide support for medical insurance admission.

Public Welfare and Social Responsibility

During the Reporting Period, we launched the "No Finger-Piercing, No Sense Glucose Testing" public welfare initiative with China Primary Health Care Foundation, etc., to promote the popularization of diabetes management, and was awarded the title of "Excellent Unit of Artificial Intelligence Medical Device Innovation Appointment List" by the Ministry of Industry and Information Technology, was selected as "High Growth Enterprise of Zhejiang Biomedical Industry" by the Department of Economy and Information Technology of Zhejiang Province, "CGMS and Patch Insulin Pump System" has been successfully listed in the "new and excellent device" product list of Zhejiang Province announced by the Department of Economy and Information Technology of Zhejiang Province.

Progress of Share Repurchases

Rooted in the confidence in the Company's future development prospects and recognition of the Company's investment value, and in order to safeguard the Company's value and shareholders' interests, and to further increase investors' confidence, the Company has actively implemented share repurchases, and since its repurchase of H Shares on November 24, 2023, as of the date of this announcement, a total of 7,216,800 H Shares have been repurchased by the Company, accounting for 4.26% of the total H Shares of the Company. Subsequently, the Company will continue to carry out repurchases at appropriate times based on the authorization of the shareholders' meeting and in light of the actual conditions of the capital market, so as to enhance the Company's value and shareholder returns.

CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2024

	Notes	**2024** ***RMB***	2023 *RMB* (restated)
I. Total operating revenue	*4*	**345,615,086.92**	253,227,561.50
Less: Operating costs		**162,766,086.94**	132,562,380.75
Tax and surcharges		**3,676,255.06**	1,314,308.71
Selling expenses		**207,139,147.48**	205,021,699.97
Administration expenses		**42,145,461.25**	45,599,582.13
Research & development expenses		**76,558,396.48**	70,098,410.26
Finance costs		**(71,564,688.97)**	(75,037,468.00)
Including: Interest expenses		**676,448.90**	52,955.29
Interest income		**62,844,339.71**	68,240,076.38
Add: Other gains		**16,358,494.94**	10,591,431.18
Investment income		**1,408,085.72**	(4,367.42)
Including: Investment income from associated companies and joint ventures		**—**	—
Gains on derecognition of financial assets measured at amortized cost		**—**	—
Income from net exposure to hedging		**—**	—
Gains on fair value changes		**88,460.72**	(15,619.71)
Credit impairment losses		**(1,439,412.54)**	(991,791.42)
Impairment losses on assets		**(3,769,077.85)**	(3,520,725.48)
Gains on disposal of assets		**—**	—
II. Operating profits		**(62,459,020.33)**	(120,272,425.17)
Add: Non-operating income		**163,186.42**	18,242.41
Less: Non-operating expenses		**853,366.95**	4,598,064.86
III. Total profits		**(63,149,200.86)**	(124,852,247.62)
Less: Income tax expenses	*5*	**(30,961.88)**	163,623.32
IV. Net profits		**(63,118,238.98)**	(125,015,870.94)
(I) Classified by sustainability			
1. Net profits from continuing operations		**(63,118,238.98)**	(125,015,870.94)
2. Net profits from discontinued operations		**—**	—
(II) Classified by ownership			
1. Net profits attributable to owners of the parent company		**(63,118,238.98)**	(125,015,870.94)
2. Minority shareholders' profits or losses			

	Notes	**2024** ***RMB***	2023 *RMB* (restated)
V. Other comprehensive income, net of tax		**113,988.36**	314,512.45
Other comprehensive income attributable to owners of the parent, net of tax		**113,988.36**	314,512.45
(I) Other comprehensive income that will not be reclassified to profit or loss		**—**	—
1. Change in defined benefit plans arising from re-measurement		**—**	—
2. Other comprehensive income that cannot be transferred to profit or loss under the equity approach		**—**	—
3. Changes in fair value of other equity instrument investments		**—**	—
4. Change in fair value of the Company's own credit risk		**—**	—
5. Others		**—**	—
(II) Other comprehensive income that will be reclassified to profit or loss		**113,988.36**	314,512.45
1. Other comprehensive income that can be transferred to profit or loss under the equity approach		**—**	—
2. Change in fair value of other debt investments		**—**	—
3. Financial assets reclassified into other comprehensive income		**—**	—
4. Provision for credit impairment of other debt investments		**—**	—
5. Cash flow hedge reserve		**—**	—
6. Translation differences arising on translation of foreign currency financial statements		**113,988.36**	314,512.45
7. Others		**—**	—
Other comprehensive income attributable to minority interests, net of tax		**—**	—
VI. Total comprehensive income		**(63,004,250.62)**	(124,701,358.49)
Total comprehensive income attributable to owners of the parent		**(63,004,250.62)**	(124,701,358.49)
Total comprehensive income attributable to minority interests		**—**	—
VII. Earnings per share:	*7*		
(I) Basic earnings per share		**(0.15)**	(0.29)
(II) Diluted earnings per share		**(0.15)**	(0.29)

CONSOLIDATED BALANCE SHEET

As at December 31, 2024

	Notes	2024 RMB	2023 RMB
Current assets:			
Cash at bank and on hand		**1,697,264,859.72**	1,885,880,958.10
Financial assets held for trading		**10,224,641.54**	6,054,088.59
Derivative financial assets		**—**	—
Bills receivable		**—**	—
Accounts receivable	*8*	**116,103,604.51**	73,233,595.56
Receivables financing		**1,715,356.77**	
Prepayments		**10,676,251.06**	10,223,222.56
Other receivables		**3,011,353.66**	1,413,104.20
Inventories		**50,807,949.19**	42,114,723.25
Contract assets		**—**	—
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**15,010,025.92**	4,250,997.96
Total current assets		**1,904,814,042.37**	2,023,170,690.22
Non-current assets:			
Debt investments		**—**	—
Other debt investments		**—**	—
Long-term receivables		**—**	—
Long-term equity investments		**—**	—
Other equity instrument investments		**—**	—
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**94,796,492.21**	92,685,508.25
Construction in progress		**109,615,940.27**	7,946,229.32
Productive biological asset		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**199,296.56**	727,703.13
Intangible assets		**31,801,977.57**	33,741,834.65
Development expenses		**—**	—
Goodwill		**—**	—
Long-term deferred expenses		**107,626.91**	242,031.73
Deferred tax assets			
Other non-current assets		**5,017,469.72**	267,927.25
Total non-current assets		**241,538,803.24**	135,611,234.33
Total assets		**2,146,352,845.61**	2,158,781,924.55

	Notes	2024 *RMB*	2023 *RMB*
Current liabilities:			
Short-term borrowings		**—**	—
Financial liabilities held for trading		**—**	—
Derivative financial liabilities		**—**	—
Bills payable		**4,038,498.99**	4,417,732.79
Accounts payable	*9*	**77,045,286.72**	33,772,276.03
Advance payments received		**664,307.84**	656,002.18
Contract liabilities		**27,246,592.19**	7,977,773.08
Staff salaries payable		**23,064,032.20**	19,661,496.14
Taxes payable		**7,613,802.09**	5,752,216.53
Other payables		**26,718,159.12**	20,349,685.93
Liabilities held for sales		**—**	—
Non-current liabilities due within one year		**165,627.80**	477,807.54
Other current liabilities		**371,287.93**	313,710.19
Total current liabilities		**166,927,594.88**	93,378,700.41
Non-current liabilities:			
Long-term borrowings		**—**	—
Bonds payable		**—**	—
Including: Preferred shares		**—**	—
Perpetual bonds			
Lease liabilities		**—**	165,627.80
Long-term payables		**—**	—
Long-term staff salaries payable		**—**	—
Accrued liabilities		**4,655,549.55**	3,982,756.01
Deferred income		**—**	—
Deferred tax liabilities		**139,318.75**	170,280.63
Other non-current liabilities		**—**	—
Total non-current liabilities		**4,794,868.30**	4,318,664.44
Total liabilities		**171,722,463.18**	97,697,364.85

	Notes	2024 *RMB*	2023 *RMB*
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		**421,138,000.00**	425,742,600.00
Other equity instruments		**—**	—
Including: Preferred shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**1,871,271,557.52**	1,882,785,222.90
Less: Inventory shares		**33,577,999.92**	26,246,338.65
Other comprehensive income		**847,204.58**	733,216.22
Special reserve		**—**	—
Surplus reserve		**—**	—
General risk reserve		**—**	—
Unallocated profit		**(285,048,379.75)**	(221,930,140.77)
Total equity attributable to owners of the parent		**1,974,630,382.43**	2,061,084,559.70
Minority interest		**—**	—
Total owners' equity		**1,974,630,382.43**	2,061,084,559.70
Total liabilities and owners' equity		**2,146,352,845.61**	2,158,781,924.55

1. 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 Province, 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 October 19, 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared using the going concern basis of accounting based on the transactions and events actually occurred and in accordance with the Accounting Standard for Business Enterprises and related regulations issued by the Ministry of Finance of the PRC (hereinafter collectively referred to as "**PRC GAAP**") and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the disclosure requirements under the Hong Kong Companies Ordinance, and based on the accounting policies and accounting estimates applicable to the Group.

3. CHANGES IN ACCOUNTING POLICIES ARISING FROM ALTERATION IN ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Company has adopted the provision of "Classification of liabilities as current or non-current" under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since January 1, 2024. Such changes in the accounting policies have no impact on the Company's financial statements.

The Company has adopted the provision of "Disclosure of supplier finance arrangements" under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since January 1, 2024.

The Company has adopted the provision of "Accounting treatment of sale and leaseback transactions" under Interpretation No. 17 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since January 1, 2024. Such changes in the accounting policies have no impact on the Company's financial statements.

The Company has adopted the provision of "Accounting treatment of warranty obligations not constituting a separate performance obligation" under Interpretation No. 18 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since January 1, 2024, and retrospectively adjusted the information for comparable periods. The main impacts are as follows:

	2024		
Income statement items	**Before the changes**	**Amount affected**	**After the changes**
Operating costs	**154,851,463.54**	**7,914,623.40**	**162,766,086.94**
Selling expenses	**215,053,770.88**	**(7,914,623.40)**	**207,139,147.48**
Total	**369,905,234.42**	**—**	**369,905,234.42**

	2023		
Income statement items	Before the changes	Amount affected	After the changes
Operating costs	127,493,364.22	5,069,016.53	132,562,380.75
Selling expenses	210,090,716.50	(5,069,016.53)	205,021,699.97
Total	337,584,080.72	—	337,584,080.72

4. OPERATING INCOME

An analysis of revenue is as follows:

Item	**2024**	2023
Revenue from contracts with customers		
Sale of medical devices and consumables	**340,726,575.07**	248,610,929.90
Provision of services	**910,973.47**	688,497.98
Revenue from other sources		
Other lease payments (including fixed payments)	**3,977,538.38**	3,928,133.62
	345,615,086.92	253,227,561.50

Revenue from contracts with customers

(a) Disaggregated revenue information

Item	**2024**	2023
Geographical markets		
Mainland China	**236,690,281.44**	170,885,809.05
Other countries/regions	**104,947,267.10**	78,413,618.83
	341,637,548.54	249,299,427.88
Timing of revenue recognition		
Goods and services transferred at a point in time	**341,637,548.54**	249,299,427.88

5. INCOME TAX EXPENSES

Item	**2024**	2023
Current income tax	**0.00**	0.00
Deferred income tax	**(30,961.88)**	163,623.32

6. DIVIDENDS

No dividend has been paid or declared by the Company in respect for the year ended December 31, 2024 (2023: Nil).

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profits attributable to owners of the parent company by the weighted average number of ordinary shares in issue during the period. No adjustment has been made to the basic earnings per share amount presented for the Reporting Period in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

8. ACCOUNTS RECEIVABLE

	2024	2023
Book balance of accounts receivable	**123,227,453.23**	79,227,568.86
Less: Provision for bad debts	**7,123,848.72**	5,993,973.30
Book value of accounts receivable	**116,103,604.51**	73,233,595.56

(1) Ageing analysis

Age	**Closing balance**		
	Book balance	**Provision for bad debts**	**Percentage of provision (%)**
Within 1 year	**112,324,674.33**	**2,751,954.53**	**2.5**
1–2 years	**7,200,102.44**	**1,725,831.95**	**24.0**
2–3 years	**1,559,981.68**	**810,590.08**	**52.0**
3–4 years	**1,060,927.56**	**757,179.94**	**71.4**
4–5 years	**113,605.77**	**110,191.26**	**97.0**
over 5 years	**968,161.45**	**968,100.96**	**100.0**
Total	**123,227,453.23**	**7,123,848.72**	**5.8**

Age	Closing balance of last year		
	Book balance	Provision for bad debts	Percentage of provision (%)
Within 1 year	72,659,985.25	2,608,493.47	3.6
1–2 years	3,095,657.61	940,464.79	30.4
2–3 years	2,112,869.52	1,127,952.41	53.4
3–4 years	388,315.03	349,322.11	90.0
4–5 years	257,793.77	254,792.84	98.8
over 5 years	712,947.68	712,947.68	100.0
Total	79,227,568.86	5,993,973.30	7.6

The aging analysis of accounts receivable is based on the month in which the payment is actually incurred. The payment that occurs first will be settled first when liquidity is available.

The credit period granted by the Company to its customers is generally 1 to 3 months. Overdue receivables are reviewed regularly by management.

9. ACCOUNTS PAYABLE

	2024	2023
Within 1 year	**75,885,091.34**	32,935,152.33
1–2 years	**542,856.45**	279,187.08
2–3 years	**75,222.31**	501,833.86
over 3 years	**542,116.62**	56,102.76
Total	**77,045,286.72**	33,772,276.03

The aging analysis of accounts payable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement with respect to cash flow.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a high-tech company dedicated to the diabetes monitoring, treatment and management. By the deep integration of artificial intelligence and medical technology, we are committed to becoming the global leader in the field of diabetes management. With the strategy of "closed-loop management in a full course of disease and in all scenarios", the Company established a full system product portfolio that covers diabetes monitoring equipment (continuous glucose monitoring system), treatment equipment (patch insulin pump system) and software platform (Jiantang Hospital-wide Blood Glucose Management System), and provides accurate, intelligent and personalized health management solutions for medical institutions and patients.

At the core technology level, we have independently developed a patch insulin pump system equipped with the algorithm module, which can analyse patients' physiological data in real time and dynamically adjust the dosing regimen. The continuous glucose monitoring system employed core processes and algorithms, significantly improving the accuracy of blood glucose measurement, and the core performance indicators have reached the international advanced level.

In terms of digital platform construction, we have developed a cloud diabetes management platform that has realised three core capabilities:

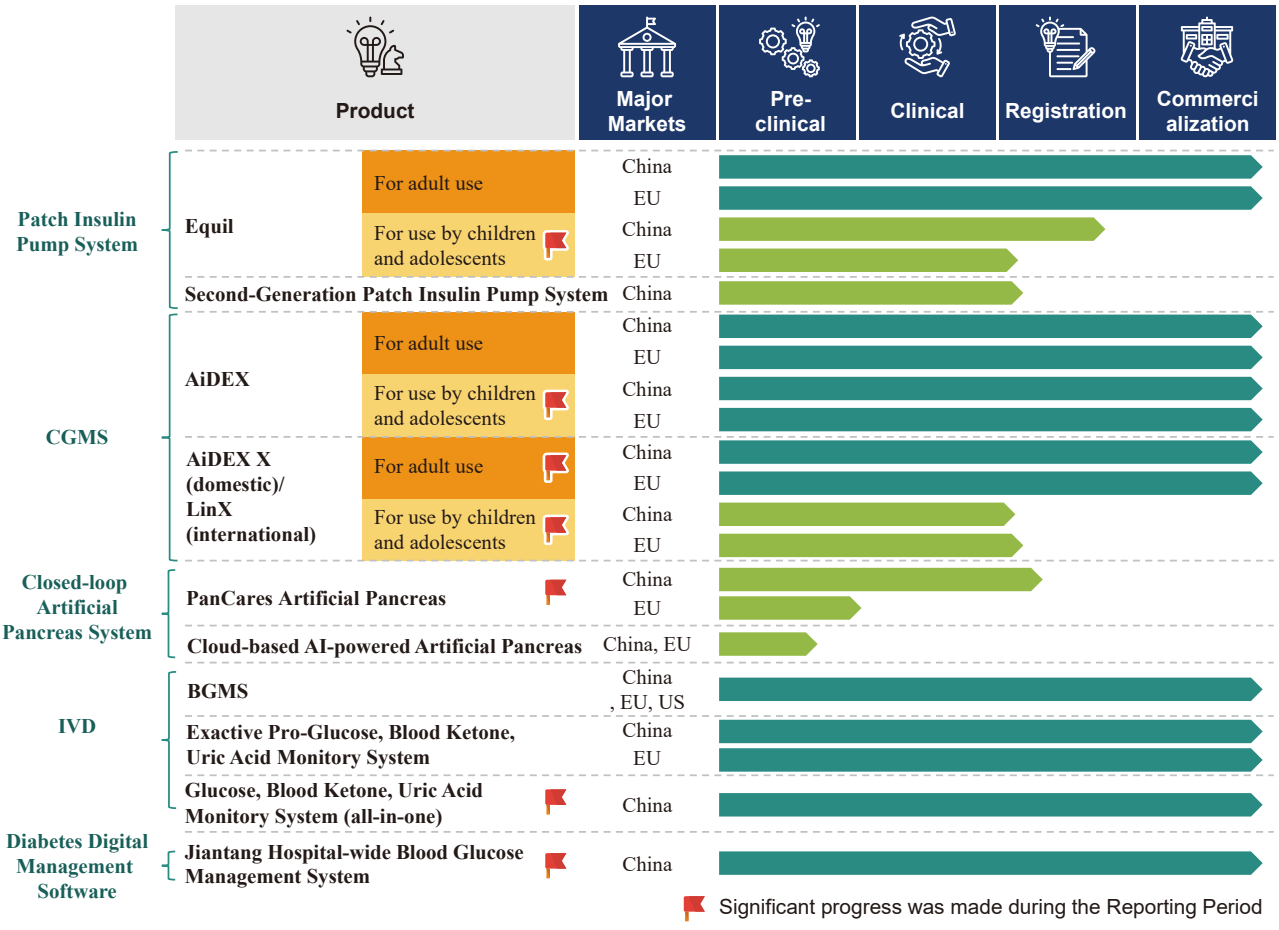
1. Real-time data interconnection: Patient's CGMS and insulin pump system data are automatically synchronised to the cloud through an encrypted channel, so that medical staff can view the dynamic data remotely, support multiple terminals to refresh the data every minute, and formulate an intervention plan in real time.

2. Intelligent reminder system: Real-time reminder of high and low blood glucose is realized based on dynamic threshold algorithm, and abnormal values are pushed to medical terminals in real time and trigger the response process, which supports personalized reminders according to hospitals, departments and patients.

3. Multi-scene and multi-device management: Integration inside and outside the hospital, multi-dimensional support for hospital-wide and regional glucose management, helping medical staff to easily navigate CGMS, insulin pump system and the clinical use of closed-loop artificial pancreas system.

Products and Product Pipeline

We have a rich portfolio of products in the field of diabetes monitoring, treatment and management, covering products such as patch insulin pump system, CGMS, closed-loop artificial pancreas system, BGMS products, as well as multiple launched products and products under development that such as diabetes digital management software. As of December 31, 2024, we had 5 major categories of products and pipeline candidates that have obtained 20 medical device registration certificates in the PRC. In addition, 22 of our products have obtained CE marking in the EU. We also have 1 product which has obtained 510(k) approval from FDA. The following chart summarizes the development progress of our products and product candidates as of the date of this announcement:



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 insulin pumps, Equil features a tubeless and lightweight design, enabling users to manage diabetes in a more private, convenient and safer manner. Compared to other patch insulin pumps in the market, Equil has a longer reusable lifespan, rechargeable battery, and a unique pump vibration alarm design. In 2017, Equil received the launch approval for adult use from the NMPA. Equil also received CE marking in the EU in the same year. In 2018, Equil was successfully selected into the "Innovative Medical Device Product Catalog (2018)" issued by the Ministry of Science and Technology. It is the only product in the field of diabetes in the catalog, and was included in the "China Insulin Pump Treatment Guidelines". As of December 31, 2024, Equil is currently used in over 1,100 professional hospitals, still maintaining a leading position among the domestic insulin pumps brands.

As of the date of this announcement, we have submitted an application for registration of Equil for use by children and adolescents to the NMPA and the EU. At the same time, our second-generation patch insulin pump system was submitted to the NMPA for registration. The second-generation patch insulin pump system features a higher waterproof level and a better adaptability to insulin reservoirs with larger capacity as well as offers a more user-friendly operating experience.

CGMS

Compared to traditional blood glucose monitoring methods, CGMS (clinically referred to as dynamic blood glucose monitoring) can provide continuous, comprehensive and reliable blood glucose information throughout the whole day, helping users to have a better understanding of the trends and characteristics of blood glucose fluctuations while relieving the pain of frequent blood sampling.

Our AiDEX CGMS is the second commercialized calibration-free real-time CGMS in the world. The system received the launching approvals from the NMPA and the EU in 2021. As of December 31, 2024, we have obtained approval from the NMPA and EU for the application extension of AiDEX to children and adolescents with diabetes.

With proprietary technology, the Company launched a new generation product, AiDEX X (international brand name: LinX), which is the latest generation of CGMS. AiDEX X/ LinX is smaller in size, better in performance and more user-friendly with a fully disposable design. It has been granted with the launch approval by the NMPA in February 2024 and the launch approval by the EU in September 2024. As at the date of this announcement, the indications for pediatric and adolescent patients have been submitted to the NMPA and EU for registration.

Two CGMS complement each other in meeting the needs of different target groups through synergistic channels, enabling us to rapidly penetrate the market and reach out to a wide range of-user segments with our product portfolio. As at the date of this announcement, the products have accumulated more than 600,000 users.

Closed-loop Artificial Pancreas System

PanCares closed-loop artificial pancreas system combines the intelligent functions in diabetes treatment with monitoring. Its closed-loop control algorithm simulates the feedback regulation mechanism of the human pancreas, so as to realize the automation of treatment and monitoring functions, allow a dynamic management of blood glucose levels of patients and keep the patients' blood glucose fluctuation within a normal or near-normal range.

The system consists of three major components: CGMS, insulin delivery system (the patch insulin pump system) and closed-loop control algorithm. The adaptive model predictive control (MPC) algorithm is used to dynamically regulate blood glucose levels by integrating insulin pump delivery data and continuous glucose monitoring values in real time. In 2023, the product obtained approval of the Special Procedures for Examination and Approval of Innovative Medical Devices promulgated by the NMPA, and was submitted to the NMPA for registration as at the date of the announcement.

The Company is in the process of designing and developing a cloud-based AI-powered artificial pancreas. As an integral part of the closed loop solutions, the product will synthesize advanced analytical tools, providing continuous personalized blood glucose management solutions to users through AI algorithms.

IVD Products

BGMS

Since the establishment of the Company, we developed and commercialized 15 types of blood glucose meters and 7 types of test strips in China. In addition, our BGMS products have obtained launch approvals in major overseas markets, including FDA and CE marking of the EU. We have developed and commercialized 13 types of blood glucose meters and 6 types of test strips in the overseas markets. By using the BGMS, the Company can reach a wider range of diabetic patients, expand sales channels, accumulate customer resources, and offer solid support to the promotion of the Company's innovative medical devices such as CGMS, patch insulin pump system, and closed-loop artificial pancreas system in the market.

As of December 31, 2024, the blood glucose meter with an expanded indication to newborns (within 30 days of birth) received launch approval from the Zhejiang MPA.

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

The Exactive Pro blood glucose, blood ketone and uric acid monitoring system independently developed by the Company can detect blood glucose, blood ketones and uric acid concentration simultaneously, meeting the needs of diabetes, ketoacidosis, hyperuricemia and gout patients for self-monitoring of various health indicators. The system has obtained CE marking from the EU in 2022 and launch approval from the NMPA in 2023, making it the first integrated product in China to provide monitoring of the above three indicators function without requiring code adjustment.

As of the date of this announcement, the iteratively upgraded multi-function all-in-one tester (blood glucose/blood ketone/uric acid) equipped with "Jiantang Diabetes Management Software" passed the launch approval of the Zhejiang MPA. The device can realize real-time upload of test data.

Diabetes Digital Management Software

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 achieved real-time docking and remote data sharing of blood glucose monitoring and treatment, such as BGMS, CGMS, and patch insulin pump systems. The system enables, doctors and nurses to monitor the blood glucose data and insulin infusion status of patients of various departments on a real-time basis, 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 while authorize medical personnel to view and modify treatment and management programs in a timely manner through the outpatient management function.

As of the date of this announcement, the Company's "Jiantang Hospital-wide Blood Glucose Management System" has been approved by the Zhejiang MPA, and has been employed in more than 2,200 hospitals. Currently, more than 10,000 doctors and nurses are using the system.

We cannot ensure that we will ultimately be able to successfully develop and market our Core Product and other products as above mentioned. 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 of R&D, manufacturing and commercialization capabilities in the field of diabetes monitoring and treatment devices.

R&D

The Company has built an interdisciplinary and composite R&D system, with the core team members consisting of scientists and engineers from top international universities and leading global medical device companies, covering cutting-edge fields such as biomedical engineering, advanced materials and intelligent algorithms, with an average of over 17 years of R&D experience. The team deeply collaborates with clinical experts and industry authorities to form a full-chain innovation mechanism of "demand insight — technology research — clinical verification".

In terms of product R&D pipeline, we have been insisting on independent innovation and self-development.

(1) the new generation of AiDEX X CGMS, which is more superior in performance and more convenient and easier to use, has been approved by the NMPA and the EU, and entered the rapid commercialization stage; Meanwhile, applications for registration of indications for paediatric and adolescent diabetes patients have been submitted to the NMPA and the EU.

(2) PanCares closed-loop artificial pancreas system has passed the NMPA's innovation review process and an application for registration has been submitted to the NMPA.

(3) the second-generation patch insulin pump system with a higher waterproof level and a better adaptability with larger capacity has been submitted to the NMPA for registration.

(4) the Equil Patch Insulin Pump System, which is applicable to children and adolescents with diabetes has been submitted to the NMPA and the European Union for registration.

(5) AiDEX CGMS has been extended to children and adolescent diabetic patients, and has been approved by the NMPA and the European Union for registration.

(6) The multifunctional all-in-one testing device (blood glucose/blood ketone/uric acid), equipped with the "Jiantang Blood Glucose Management System", has been approved by the Zhejiang MPA.

(7) Jiantang Hospital-wide Blood Glucose Management System has been approved by the Zhejiang MPA.

In addition, leveraging our hardware and data advantages in dynamic diabetes monitoring and patch insulin pump therapy, we have conducted research on applying AI technology to enhance the effectiveness of diabetes treatment and management. These studies will contribute to strengthening our core competitiveness in the field of diabetes management.

In February 2024, we established the post-doctoral research station focused on the development of cutting-edge technologies for diabetes treatment. In December, we participated in the national key technology special project titled "Establishment and Application Evaluation of a Standardized Prevention and Control Plan for Type 1 Diabetes", aiming to establish an accurate management system to improve the metabolic compliance rate and life expectancy of diabetes patients.

During the Reporting Period, our R&D investment amounted to RMB76.56 million, maintaining an increase from RMB70.10 million in 2023, which was mainly used for the increase in staff expenses, continuous development of new products and commencement of clinical trials.

Our technological innovation strength has been recognized at the national level, and we were identified as a national-level Specialized, Refined, Differential and Innovative "Little Giants" Enterprise, and designated as the Key Diabetes Research Center in Zhejiang Province, China. Equil, our independently developed Core Product, was designated as an Innovative Medical Device Product by the Ministry of Science and Technology, and AiDEX and Pancares were 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. The projects undertaken through the National Major Scientific Research Program under the 13th Five-Year Plan and the provincial major science and technology special projects have all completed technical acceptance inspection, and the development of artificial intelligence diabetes management platform has been selected as a project of "Leading Innovative Team" by the Department of Science and Technology of Zhejiang Province.

Manufacturing

The Company is located in Hangzhou, Zhejiang Province, China and owns a manufacturing facility with an aggregate area of approximately 15,000 sq.m., for the manufacturing 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 output, quality and safety. We conduct all the key manufacturing procedures in-house, accumulating a wealth of expertise and skills. In recent years, we accumulated significant breakthrough in the production of diabetes monitoring medical devices, providing us with a solid foundation for rapid growth. We gradually introduced automated production lines for CGMS and optimized the manufacturing process through efficient production throughout all production links, such as material transfer and product production, so as to further improve production efficiency, enhance product quality and reduce production costs.

To meet the Company's growing business demand, we are actively pushing forward the construction of an advanced production manufacturing base in Yuhang District, Hangzhou, Zhejiang Province, China. The base, with a total area of approximately 44,000 square metres which commenced construction in 2023, will mainly be used to expand the production capacity of its Core Product. The new production base will be equipped with advanced production equipment and technology to increase capacity and production efficiency. Meanwhile, we will continue to follow strict quality control standards to ensure the quality and safety of our products. This initiative will further enhance the Company's production capabilities to meet the growing market demand and lay a more solid foundation for the Company's future development.

Commercialization

Product Innovation and Market Performance

In April 2024, we officially launched a new-generation of AiDEX X CGMS, which has enhanced user experience with its thin and light features, precision and integrated design. As of the date of this announcement, our CGMS has accumulated more than 600,000 users. Our Core Product, the Equil Patch Insulin Pump System, has covered over 1,100 hospitals across the country, still maintaining a leading position of domestic insulin pump system.

Professional Market Academic Promotion

We have strengthened cooperation with professional institutions such as the Chinese Medical Association, participated in national academic conferences on endocrinology and diabetes, and carried out training on the "Code of Therapeutic Care Management of Insulin Pumps" to strengthen clinical cognition.

Diversified E-commerce Channel Strategy

Our e-commerce channels have established a comprehensive ecosystem comprising "e-commerce flagship stores + new media matrix + private domain communities", with sales scale experiencing rapid year-on-year growth compared to 2023.

Breakthrough in Globalisation Strategy

The Company's products now cover 108 countries and regions worldwide. The next-generation LinX CGMS has obtained CE certification and has been included in the healthcare reimbursement systems of multiple European countries. It has also achieved market access in several emerging markets, including the Middle East, Asia-Pacific, and South America. The Company has preliminarily established a global commercial layout while initiating the development of a cross-border e-commerce platform and localised service systems, and participating in multiple international and academic exhibitions such as MEDICA, EASD, and ATTD.

Research and Development and Clinical Progress

The Company initiated the first domestic multi-center study on the Supervised Short-Term Insulin Intensive Therapy for the Reversal of Newly Diagnosed Type 2 Diabetes Mellitus Based on a Patch Insulin Pump and Real-Time Dynamic Glucose Monitoring Technology, which has completed enrollment and then entered into the follow-up phase. In Europe, enrollment in the post-marketing clinical trial of the Company's Equil Insulin Pump System has exceeded 50%, which will provide support for medical insurance admission.

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.

Operating Income

During the Reporting Period, we generated most of our operating income from sales of medical devices, including insulin pump system, BGMS and CGMS and others.

For the year ended December 31, 2024, the Group's operating income was RMB345.62 million, representing an increase of 36.5% from RMB253.23 million for the year ended December 31, 2023. The increase in operating income was mainly attributable to the launch and commercialization of AiDEX X, a new generation of CGMS.

The following table sets forth a breakdown of our revenue:

	For the year ended December 31,			
	2024		2023	
Item	***RMB'000***	***%***	*RMB'000*	*%*
CGMS	**180,431**	**52**	75,714	30
Insulin pump system	**81,012**	**23**	74,668	30
BGMS	**78,551**	**23**	96,789	38
Others	**5,622**	**2**	6,057	2
Total	**345,615**	**100**	253,228	100

Operating Cost

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

For the year ended December 31, 2024, the Group's operating cost was RMB162.77 million, representing an increase of 22.8% from RMB132.56 million for the year ended December 31, 2023. The increase in operating cost was mainly due to the increase in staff costs and raw material costs as a result of an increase in sales volume.

Gross Profit and Gross Profit Margin

For the year ended December 31, 2024, the Group's gross profit was RMB182.85 million, representing an increase of 51.5% from RMB120.67 million for the year ended December 31, 2023. Our gross profit margin increased from 47.7% for the year ended December 31, 2023 to 52.9% for the year ended December 31, 2024, mainly due to the significant increase in the share of sales of CGMS and the improvement in production economies of scale.

Selling Expenses

For the year ended December 31, 2024, the Group's selling expenses were RMB207.14 million (for the year ended December 31, 2023: RMB205.02 million). The selling expenses as a percentage of overall revenue decreased from 81.0% for the year ended December 31, 2023 to 59.9% during the Reporting Period, which was mainly attributable to (i) the higher market acceptance of our products, making the commercial rollout more efficient; (ii) the Company's implementation of comprehensive budget control which has begun to reduce costs and increase efficiency, as well as the improvement of operational efficiency through refined management.

Research and Development Expenses

Our research and development expenses increased by 9.2% from RMB70.10 million for the year ended December 31, 2023 to RMB76.56 million for the year ended December 31, 2024, mainly due to the continuous development of new products, the conduct of clinical trials, and the increased spending on personnel costs and related expenses.

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

	For the year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**38,590**	**50**	33,733	48
Service fees	**19,875**	**26**	17,159	25
Material costs	**9,334**	**12**	13,282	19
Depreciation and amortization expenses	**2,957**	**4**	3,029	4
Share-based payments	**2,675**	**4**	0	0
Others	**3,127**	**4**	2,895	4
Total	**76,558**	**100**	70,098	100

Income Tax Expense

Our income tax expense was RMB-0.03 million for the year ended December 31, 2024.

Net Profit

As a result of the foregoing, we incurred losses of RMB125.02 million and RMB63.12 million for the year ended December 31, 2023 and the year ended December 31, 2024, respectively.

Construction in Progress

As at December 31, 2024, construction in progress amounted to RMB109.62 million, which was mainly for the construction of an advanced production manufacturing base, aiming to further expand the production capacity of the Core Product and improve production efficiency.

Loans and Gearing Ratio

As at December 31, 2024, the Group had no interest-bearing bank and other borrowings. The gearing ratio is calculated at the Group's debts divided by assets. As at December 31, 2024, the Group's gearing ratio was 8.0%.

Significant Investment held

The Group had no significant investment held for the year ended December 31, 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint venture for the year ended December 31, 2024.

Contingent Event

As at December 31, 2024, the Group (i) was not involved in any material legal proceeding, nor aware of any pending or potential material legal proceedings involving us; and (ii) had no contingent liabilities.

Charge of Assets

For the year ended December 31, 2024, the Group did not charge any assets as securities for borrowings.

Future Plans for Material Investments and Capital Assets

As at December 31, 2024, the Group did not have any specific plan for material investments and capital assets except for the advanced production manufacturing base mentioned above.

Foreign Exchange Risks

We are exposed to foreign exchange rate risks. Certain of our bank balances, trade receivables and other payables 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

As at December 31, 2024, we had 678 employees (excluding non-regular employees).

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, and to ensure their awareness and compliance with our policies 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 provide social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds and other benefits for our employees in accordance with applicable PRC laws.

FUTURE PROSPECTS AND OUTLOOK

Expanding the Market Share and Brand Reputation of Our Core Product

According to CIC in 2021, China has 140 million diabetic patients, of which millions are still suitable for insulin pump therapy but have not yet learnt about or received insulin-enhanced therapies. The penetration rate of continuous glucose monitoring system in China is much lower than that in Europe and the United States but is surging at a rate of more than 20% per year. As recognition of the clinical efficacy of insulin pumps and patient awareness of continuous glucose monitoring systems continue to grow, we expect sales volume of the Company's Equil Patch Insulin Pump System, AiDEX CGMS, and New Generation CGMS (AiDEX X) to continue to grow rapidly.

We will strengthen our training, service and marketing teams to focus on promoting our products in the hospital specialty market, retail channels, e-commerce and health management platforms, with a view to providing quality treatment and blood glucose management services to diabetes patients of all types. Meanwhile, we will continue to collaborate with diabetes professional societies and medical institutions to advocate internationally recognized standards of diabetes management (e.g. managing blood glucose levels within the "**target range**") and to remind diabetes patients in China to pay attention to their daily blood glucose management, to control the progress of their disease and to improve their quality of life.

We have set up a 7 x 24 hour responsive 400 hotline customer service team to provide end-users with consultation and enquiry service, which has been honored with the "Outstanding Service Brand Award (Top 100)" in the 5th China Customer Service Festival. We focus on providing comprehensive after-sales service system for products such as patch insulin pump system, continuous glucose monitoring system and blood glucose monitoring system. Through regular customer satisfaction surveys, we continuously optimize the content and form of our services in a data-driven manner.

Focusing on Expanding Our International Marketing and Deepening Our International Operations

Our long-term strategic goal is to become the leading brand of diabetes treatment and monitoring devices in the international market, with our strategic focus on expanding international markets such as Europe and emerging countries. With our product strengths and market expansion capabilities, we will continue to benefit from the higher levels of healthcare costs and insurance coverage in these regions, as well as the high level of recognition of intensive diabetes treatment and continuous monitoring and management therapies by local physicians and patients.

Currently, we have successfully expanded our market access and product sales in more than 108 countries and regions in Europe, the Middle East, Africa, Asia and Latin America. Our Equil brand has been sold in Italy, the Netherlands, Poland and many other countries, and has been well received by local doctors and patients. Meanwhile, our AiDEX CGMS has entered the UK, Italy, Brazil and other markets. LinX, our new generation of CGMS, is gradually being marketed in some countries in the Europe, Middle East and Asia Pacific. We have further expanded our international user base by building online communities on social media, organizing new product launches, and launching free clinics, eco-friendly activities, offline education classes, and lucky draws through our diversified social media platforms. Meanwhile, we closely monitor the development trend of business areas related to the new mode of cross-border e-commerce and have begun to lay out our cross-border e-commerce business, taking into account the current situation of the local market.

Continuing to Promote R&D of Advanced Diabetes Products to Strengthen Our Core Product Portfolio

As the only company in the PRC that owns both a patch insulin pump system and a real-time calibration-free continuous glucose monitoring system product, we will continue to invest in technology innovation and product research and development and is committed to providing a closed-loop solution of "monitoring + treatment + management" for diabetes patients. In 2025, we will continue to advance the development and clinical registration of our R&D product pipeline as planned. This includes advancing the development of CGM new products for registration, the second generation of patch insulin pump systems and the new generation of AiDEX X CGMS for children and adolescent indications, and clinical registration of the PanCares Artificial Pancreas System. In addition, the Company has begun to tap into the technology for strategic new products in future. Also, through collaboration with opinion leaders and research on the needs of diabetes patients, the Company will continue to research and develop new products, continuously invest in the upgrading and optimization of existing products, as well as the development and optimization of digital management platforms, with the aim to strengthen the advantages of the product portfolio, so as to ensure that healthcare professionals and diabetes patients will be provided with products and diabetes management tools that are clinically more effective, easier to use, and more cost-effective.

Smart Algorithm-Driven Upgrade of Diabetes Management Paradigm

The Company, through an innovative model of "devices + algorithms + cloud platform", is building a closed-loop diabetes management system, with a focus on advancing the following three key areas:

Enhancing Smart Hardware Technology: We are optimising biosensor, precision infusion platforms, and network connectivity technology to elevate the application level of smart devices in diabetes monitoring and management.

Expanding the Medical Ecosystem: By introducing learning algorithms into the patch insulin pump system, we are developing an "artificial pancreas" that adapts to individual metabolic characteristics. Based on blood glucose monitoring data and medication records, we are refining smart dosage recommendation algorithms to achieve personalised treatment plans.

Building a Smart Cloud Service Platform: We are developing a cross-device data integration platform to enable seamless connectivity between insulin pumps system, CGMS, and mobile terminals, enhancing device collaboration efficiency and establishing a closed-loop management system.

Based on industry characteristics and corporate development needs, we plan to steadily advance the scenario-based implementation of AI technology around three key directions: "R&D efficiency optimization", "precise service capability development", and "full-process compliance governance". We are committed to enhancing internal and external collaboration efficiency through the application of intelligent tools, optimizing resource allocation, and creating more reliable product and service experiences for healthcare professionals and patients, thereby strengthening the Company's innovative competitiveness in the medical device sector.

Promoting Cost Reduction and Efficiency Improvement Initiatives to Enhance Profitability

The Company is at a stage of rapid development and still needs to invest actively in product research and development, clinical research, marketing expansion and branding in order to enhance its market position and competitiveness. As at the date of this announcement, the Core Product is still in the early stage of market development and the Company is in a strategic loss-making position. With the expansion of our business scale, we will take a series of vigorous measures to enhance operational efficiency, increase per capita sales, and continue to reduce operating costs. Our management expense ratio has been decreasing steadily in line with the increase in business revenue. The performance evaluation of all employees is an important measure for us to improve the effectiveness of our organization. We will enhance the competitiveness of our team in accordance with the principles of promotion by merit and elimination, and further improve the long-term incentive mechanism to stimulate the motivation of our employees to work together to achieve our overall performance targets. At the same time, we will continue to enhance the efficiency of our production operations, expand our automated production capacity and optimize our supply chain and costs. In areas such as management efficiency enhancement, precise market targeting, customer service optimization, we promote the continuous improvement of the gross profit margin of our Core Product as well as the reduction of our expense rates through the deployment of a proprietary enterprise AI large-scale model, in order to move forward at a steady pace towards profitability in the future.

The Company's business objective for 2025 is to maintain rapid revenue growth and continue to significantly enhance profitability.

Events after the Reporting Period

Since January 1, 2025 and up to the date of this announcement, the Company repurchased a total of 456,000 H Shares with a par value of RMB1.0 per ordinary share from the open market, and such shares have been held as treasury shares of the Company at the date of this announcement.

Save as disclosed above, there was no other significant event that might affect the Group after the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the CG Code. During the Reporting Period, the Company has complied with all the applicable code provisions in the CG Code contained in Appendix C1 to the Listing Rules, save for the 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 the chief executive of the Company should be separated and should not be performed by the same individual. The roles of the Chairman and the CEO are currently held by Dr. Zheng. The Board believes that, in view of his experience, personal profile and his roles in the Company, Dr. Zheng is the Director best suited to identify strategic opportunities and as the 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 the Directors and that the Board comprises four executive Directors, 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' and Supervisors securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiries have been made to all the Directors and Supervisors and they have confirmed that they complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, the Company repurchased a total of 3,457,000 H Shares of the Company with a par value of RMB1.0 per ordinary share from the open market. As at the date of this announcement, 60,000 H Shares of the relevant shares have not been cancelled and 3,397,000 H Shares have been held as treasury shares (as defined in the Listing Rules) of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed the Company's listed securities (including treasury shares) for the year ended December 31, 2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

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 disclosed 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 ANNUAL FINANCIAL RESULTS

The Audit Committee has considered and reviewed the consolidated annual results of the Group for the year ended December 31, 2024 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, 2024 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 website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.microtechmd.com).

The 2024 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites 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
"Audit Committee"	the audit committee of the Board
"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"	the board of Directors of the 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"	chief executive officer of our Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"CGMS"	continuous glucose monitoring system
"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" or "MicroTech"	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 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
"Director(s)"	the director(s) of the Company
"Dr. Zheng"	Dr. Zheng Pan (鄭攀), the chairman of the Board, an executive Director and the CEO
"FDA"	U.S. Food and Drug Administration
"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"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.0 each, which is/are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Non-executive Directors"	the independent non-executive Directors of the Board
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 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, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"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

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

Hangzhou, the PRC, March 28, 2025

As at the date of this announcement, the executive Directors of the Company are Dr. Zheng Pan, Dr. Yu Fei, Dr. Shi Yonghui and Ms. Liu Xiu; the non-executive Directors are Mr. Mao Shuo and Ms. Gao Yun; and the independent non-executive Directors are Dr. Li Lihua, Ms. Wang Chunfeng, Mr. Ho Kin Cheong Kelvin and Dr. Cheng Hua.