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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board of directors (the "**Board**") of MicroTech Medical (Hangzhou) Co., Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2022 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2021.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2022	2021	Period-to-Period change
	RMB'000	*RMB'000*	*(%)*
	(Unaudited)	(Unaudited)	
Revenue	**71,824**	59,409	20.9%
Gross profit	**31,774**	31,506	0.9%
Net loss	**(7,942)**	(19,056)	(58.3%)
Loss attributable to owners of the parent	**(7,942)**	(19,056)	(58.3%)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	**RMB(0.02)**	RMB(0.05)	(60.0%)

BUSINESS HIGHLIGHTS

For the six months ended June 30, 2022, we recorded revenue of RMB71.8 million, representing an increase of 20.9% from RMB59.4 million for the six months ended June 30, 2021. The increase was mainly attributable to (i) the commercialization of AiDEX G7 CGMS; (ii) the growth in domestic market share of Equil patch insulin pumps; and (iii) the steady growth in revenue from BGMS products. Our product portfolio will continue to benefit from the growing user demand for diabetes treatment, monitoring and management in China and globally. Compared with the same period last year, our gross profit increased slightly and gross margin decreased, however, there was an increase as compared with the gross margin for the second half of 2021 primarily due to (i) the continued growth in product commercialization revenue; (ii) the pandemic containment measures in Shanghai and surrounding areas in the second quarter of 2022 had a short-term adverse impact on the Company's supply chains and production costs. With the gradual lifting of the epidemic controls at the end of the second quarter of 2022, the supply chain and production returned to normal.

As of June 30, 2022, we had many significant progresses in our product R&D pipeline, including that (i) we put clinical research efforts in China to extend Equil's application to children and adolescents, and all clinical enrollment is expected to be completed in the third quarter of 2022; (ii) the registration inspection of our second-generation patch insulin pump system is underway in China and it is expected to receive the registration inspection report in the third quarter of 2022; (iii) we are expanding the application of AiDEX G7, our CGMS, to children and adolescents with diabetes, and as of the date of this announcement, the enrollment of all subjects for the clinical trial was completed; (iv) our new generation AiDEX X CGMS has completed registration inspection and is expected to complete clinical trials before the end of 2022; (v) the registration inspection of our artificial pancreas system, PanCares, is underway in China and it is expected to receive the registration inspection report in the third quarter of 2022; and (vi) Exactive Pro, a three-in-one testing system for blood glucose, ketone and uric acid, received the EU CE marking in May 2022, and has basically completed the clinical and registration works in China. For the six months ended June 30, 2022, our R&D costs as a percentage of sales revenue was 34.2%, representing an increase from the same period last year.

In terms of commercialization, AiDEX G7 sales in China are going well. For the six months ended June 30, 2022, the revenue generated from the sales of AiDEX G7 amounted to RMB12.9 million. In the first half of 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 diabetes management platform based on the cloud big data "Jiantang（檢棠）system" has made entries into more than 300 hospitals. We have also carried out strategic cooperation with Taikang Insurance Group to jointly develop the diabetes treatment efficacy insurance. In the international market, we continued to participate in professional exhibitions for diabetes and medical devices, and continued to recruit localized marketing teams to enhance our local brand awareness and service capabilities overseas. The continued progress of the above work will lay a good foundation for our sales growth in the second half of the 2022 and in the future.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	**2022 (Unaudited) *RMB'000***	2021 (Unaudited) *RMB'000*
REVENUE	4	**71,824**	59,409
Cost of sales		**(40,050)**	(27,903)
Gross profit		**31,774**	31,506
Other income and gain		**39,431**	10,586
Selling and distribution expenses		**(39,000)**	(23,794)
Administrative expenses		**(14,891)**	(21,520)
Impairment losses on financial assets, net		**(529)**	(343)
Research and development costs		**(24,585)**	(14,575)
Other expenses		**(66)**	(914)
Finance costs		**(76)**	(2)
LOSS BEFORE TAX	5	**(7,942)**	(19,056)
Income tax expense	6	**–**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(7,942)**	(19,056)
Attributable to:			
Owners of the parent		**(7,942)**	(19,056)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	**RMB(0.02)**	RMB(0.05)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	**30 June 2022 (Unaudited)** ***RMB'000***	31 December 2021 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**72,770**	73,184
Intangible assets		**13,258**	13,793
Investment properties		**7,047**	–
Right-of-use assets		**7,057**	6,938
Prepayments, other receivables and other assets		**3,573**	1,959
Total non-current assets		**103,705**	95,874
CURRENT ASSETS			
Inventories		**60,994**	34,165
Trade receivables	10	**29,508**	27,770
Prepayments, other receivables and other assets		**18,184**	20,352
Cash and cash equivalents		**2,103,738**	2,150,978
Total current assets		**2,212,424**	2,233,265
CURRENT LIABILITIES			
Trade payables	11	**22,638**	14,115
Lease liabilities		**339**	115
Other payables and accruals		**39,911**	61,722
Contract liabilities		**14,447**	6,386
Total current liabilities		**77,335**	82,338
NET CURRENT ASSETS		**2,135,089**	2,150,927
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,238,794**	2,246,801
NON-CURRENT LIABILITIES			
Lease liabilities		**75**	140
Total non-current liabilities		**75**	140
Net assets		**2,238,719**	2,246,661
EQUITY			
Equity attributable to owners of the parent			
Share capital		**425,743**	425,743
Reserves		**1,812,976**	1,820,918
Total equity		**2,238,719**	2,246,661

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	**2022 (Unaudited) *RMB'000***	2021 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,942)**	(19,056)
Adjustments for:			
Finance costs		**76**	2
Bank interest income		**(23,925)**	(9,403)
Investment income from financial assets at fair value through profit or loss		**–**	(963)
Depreciation of property, plant and equipment	5	**3,698**	2,936
Amortization of investment properties		**130**	–
Depreciation of right-of-use assets	5	**165**	157
Amortisation of intangible assets	5	**1,019**	844
Impairment of trade receivables, net		**(372)**	343
Write-down of inventories to net realisable value		**901**	298
Equity-settled share award expense		**–**	12,433
Foreign exchange differences, net	5	**(14,013)**	864
		(40,263)	(11,545)
Increase in inventories		**(27,730)**	(5,338)
Increase in trade receivables		**(1,366)**	(5,412)
Decrease in prepayments, other receivables and other assets		**2,115**	332
Increase in trade payables		**8,523**	832
Increase in other payables and accruals		**280**	3,147
Increase/(decrease) in contract liabilities		**8,061**	(1,246)
Cash used in operations		**(50,380)**	(19,230)
Interest received		**23,925**	9,403
Net cash flows used in operating activities		**(26,455)**	(9,827)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(13,603)**	(5,935)
Purchases of intangible assets	**(410)**	(182)
Proceeds from maturity of financial assets at fair value through profit or loss	**–**	95,000
Investment income from financial assets at fair value through profit or loss	**–**	922
(Increase)/decrease in time deposits with original maturity of over three months	**–**	10,000
Net cash flows (used in)/from investing activities	**(14,013)**	99,805
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	**(200)**	(41)
Interest paid	**(76)**	(2)
Payment for deferred listing expenses	**(20,509)**	(10,129)
Net cash flows used in financing activities	**(20,785)**	(10,172)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(61,253)**	79,806
Cash and cash equivalents at beginning of period	**2,150,978**	539,800
Effect of foreign exchange rate changes, net	**14,013**	(864)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,103,738**	618,742
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**2,103,738**	618,742
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**2,103,738**	618,742

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"), whose shares are publicly traded on the Stock Exchange. The registered office of the Company is located at No. 108 Liuze Street, Cangqian Street, Yuhang District, Hangzhou, Zhejiang, China. The Group is principally engaged in the research and development and manufacture and commercialisation of diabetes management medical devices and consumables.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited on 19 October 2021.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

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 impact of the revised HKFRSs 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 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 period, 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 all proceeds from the sale of the asset to bring that asset to the usable state (including location and condition) predetermined by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, 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 while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

The nature and impact of the revised HKFRSs are described below: (Continued)

(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 amendments that are applicable to the Group are as follows:

(i) 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 to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

(ii) HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices and consumables	**70,528**	59,409
Revenue from other sources		
Other lease payments, including fixed payments	**1,296**	–
	71,824	59,409

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods		
Sale of medical devices and consumables	**70,528**	59,409
Geographical markets		
Mainland China	**51,839**	39,721
Other countries/regions	**18,689**	19,688
	70,528	59,409
Timing of revenue recognition		
Goods transferred at a point in time	**70,528**	59,409

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**39,827**	27,903
Depreciation of property, plant and equipment	**3,698**	2,936
Depreciation of right-of-use assets	**165**	157
Research and development costs	**24,585**	14,575
Amortisation of intangible assets	**1,019**	844
Foreign exchange differences, net	**(14,013)**	864

6. 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.(杭州微泰電子商務有限公司)and Hangzhou Jienuotong Technology Materials Co., Ltd.(杭州捷諾通科技材料有限公司) are qualified as a Small and Micro Enterprise and was entitled to a preferential tax rate of 2.5% (2021: 2.5%) during the period.

The income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax – Mainland China charge for the period	**–**	–
Deferred tax	**–**	–
Total tax charge for the period	**–**	–

7. DIVIDENDS

No dividend has been paid or declared by the Company in respect for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 425,742,600 in issue during the period (six months ended 30 June 2021: 360,000,000 ordinary shares).

No adjustment has been made to the basic loss 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.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 (Unaudited) *RMB'000*	31 December 2021 (Audited) *RMB'000*
Carrying amount at beginning of period/year	**73,184**	65,965
Additions	**10,461**	13,442
Depreciation provided during the period/year	**(3,698)**	(6,223)
Transfers	**(7,177)**	–
Carrying amount at end of period/year	**72,770**	73,184

10. TRADE RECEIVABLES

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:

	30 June 2022 (Unaudited) *RMB'000*	31 December 2021 (Audited) *RMB'000*
Within 1 year	**28,201**	26,752
1 to 2 years	**971**	874
2 to 3 years	**298**	142
Over 3 years	**38**	2
	29,508	27,770

11. 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:

	30 June 2022 (Unaudited) *RMB'000*	31 December 2021 (Audited) *RMB'000*
Within 1 year	**21,646**	14,017
1 to 2 years	**897**	3
2 to 3 years	**3**	91
Over 3 years	**92**	4
	22,638	14,115

BUSINESS REVIEW

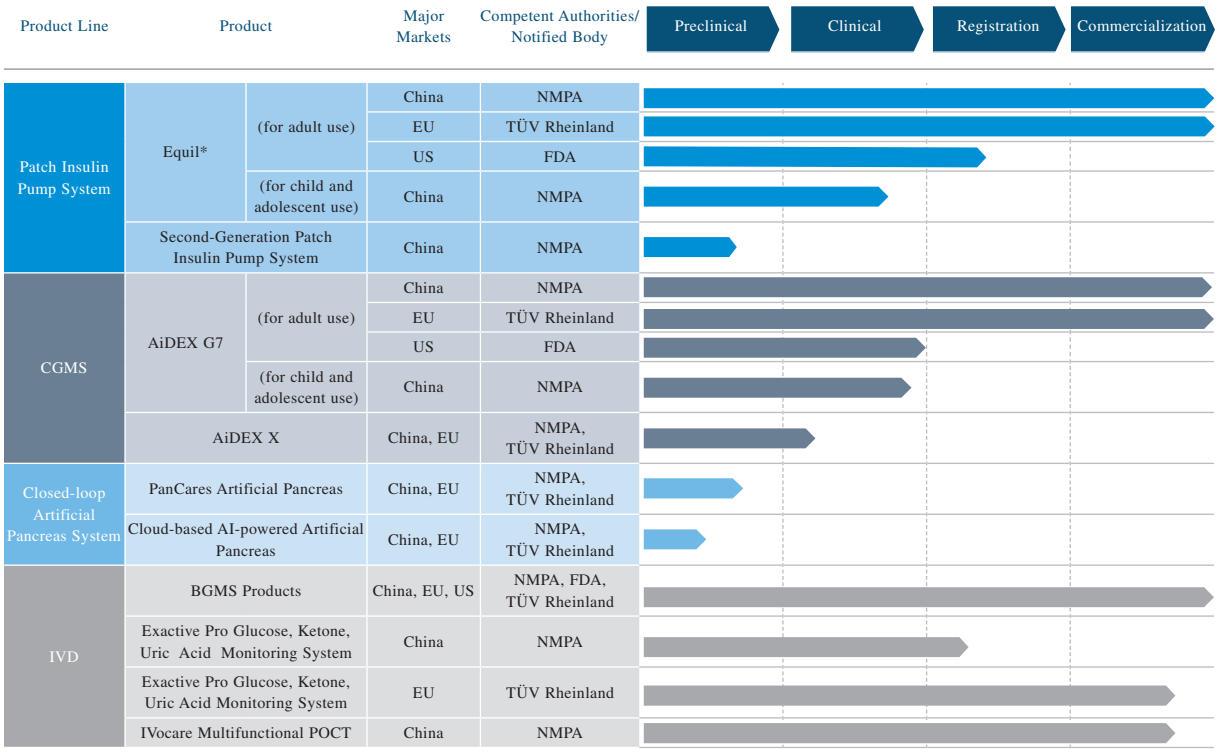
Overview

Our mission is to help diabetic patients lead healthier and better lives in China and across the globe. The Group has been committed to innovating and integrating diabetes monitoring and treatment methods to enhance and improve diabetes management models in China and around the world. We plan to continue developing multidisciplinary R&D capabilities and meeting changing clinical needs leveraging our diversified product portfolio. The Company will continue to expand its global market through user-centric and clinical data-based marketing strategies and a diversified commercialization pipeline. It will continue to increase production capacity to support growth and achieve economies of scale, establish a cloud-based diabetes management platform, realize the formulation of personalized diabetes solutions, and create a closed-loop diabetes management ecosystem.

The Group's strategic goals are to leverage our strengths in patch insulin pump system and CGMS, to further expand of our marketing network, develop and launch our closed-loop solutions, to enhance brand awareness of our Core Product and expand our business into international markets. Meanwhile, we are building a cloud-based diabetes management platform, expecting to bring more clinical benefits to diabetes patients all over the world and reduce their financial burdens.

Products and Product Pipeline

As of June 30, 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. We have seven product candidates which are undergoing various stages of development. The following chart summarizes the development status of our products and product candidates as of the date of this announcement:



* Core Product

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 has many advantages such as more private catheter-free application, more precise micromotor infusion, more safe multiple guarantees, and more economical semi-disposable use, which can help patients better controlling of blood sugar and reduce the occurrence of complications. 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 successfully marketed Equil in over 20 countries across Asia Pacific, Europe, the Middle East, Africa, etc.. We have submitted FDA 510(k) Registration application for Equil in 2021 and we are expecting to receive FDA's approval by the end of 2022 at the earliest.

We are preparing for a pivotal clinical trial in China for the purpose of registering Equil for children's and adolescents' use. As of June 30, 2022, more than 80% of the subjects in the clinical trial had been enrolled, and the clinical enrollment is expected to be completed in the third quarter of 2022. We expect to complete the clinical trial in China and submit the registration application to the NMPA in the second half of 2022.

We are developing our second-generation patch insulin pump system, featuring smaller size, higher waterproof level, better adaptability to insulin reservoirs with larger capacity, and user-friendly operation. The insulin pump, as a continuous insulin delivery device, is also an essential component of the closed-loop artificial pancreas system. Our second-generation patch insulin pump system and its internal control algorithms, together with our CGMS, form the core of our closed-loop artificial pancreas system. This product candidate is expected to complete the registration inspection in the third quarter of 2022.

We may not be able to ultimately successfully expand indications of Equil for use in children and adolescents. We may not be able to ultimately develop and market the second-generation patch insulin pump successfully.

CGMS

AiDEX G7, our CGMS, is the second commercialized calibration-free real-time CGMS in the world. Since its launch, AiDEX G7 has demonstrated various advantages over traditional BGMS products, featuring real-time monitoring, lowering the patients' risk of hyper/hypoglycemia, and increasing their compliance to treatment regimen without taking routine finger prick blood glucose measurements. AiDEX G7 obtained the marketing approval for adult use from the NMPA in China in November 2021. It is the first marketed calibration-free, real-time CGMS product in China. We initiated a clinical trial in the second half of 2021 to expand the use of AiDEX G7 to children and adolescents with diabetes, and the enrollment of all subjects has been completed as of the date of this announcement. We expect to complete the clinical trial in China and submit the registration application to the NMPA soonest as at the end of in 2022. We are preparing to submit FDA 510(k) Registration application.

In addition to AiDEX G7, we are leveraging our proprietary technologies to develop a new generation of calibration-free CGMS – AiDEX X. As evidence of our efforts, AiDEX X has completed registration inspection in China in the first half of 2022, and is expected to complete clinical trials by the end of 2022, and submit a registration application to the NMPA in the first quarter of 2023, and submit an MDR application to the EU at the same time. The product focuses more on ease of use, cost economy and convenience and other performances, and makes a complement to AiDEX G7, enabling us to quickly penetrate the market and cover a wide range of user groups with a combination of products. Our CGMS products will also constitute an essential component of our closed-loop artificial pancreas system.

The commercialization of our AiDEX G7 is progressing well. For the six months ended June 30, 2022, the revenue generated from the sales of AiDEX G7 amounted to RMB12.9 million. In the first half of 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.

We may not be able to ultimately complete the development and sales of AiDEX G7 in the United States, we may not be able to successfully expand the indications of AiDEX G7 for children and adolescents, and we may not be able to complete the development and sales of AiDEX G7 in China and the European Union.

Closed-loop Artificial Pancreas System

The closed-loop artificial pancreas system, featuring the intelligent functions in diabetes intelligent treatment and monitoring, 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. We are the only company in China possessing both patch insulin pumps and CGMS, which constitute the essential foundation for the successful development of a closed-loop artificial pancreas system. We have constructed control algorithms, performed multi-parameter simulation analyses, and stress-tested the safety of these product candidates. With closed-loop control as a core feature, our artificial pancreas system is expected to fundamentally improve the monitoring, treatment and management solutions of diabetes. The registration inspection of our artificial pancreas system, PanCares, is underway in China and it is expected to receive the registration inspection report in the third quarter of 2022.

We may not be able to ultimately develop and market the closed-loop artificial pancreas system successfully.

IVD Products

BGMS

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.

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

Exactive Pro, a three-in-one testing system for blood glucose, ketone and uric acid, received CE marking in the EU on May 20, 2022. As of the date of this announcement, the product has basically completed the clinical and registration work in China, and is expected to be the first all-in-one automatically code-free product in China with all of these three parameters.

We may not be able to ultimately complete the development and sales of Exactive Pro in China and overseas successfully.

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

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 biomedical science, materials science, mechanical engineering, electrical engineering, software engineering, communication engineering and signal processing, electrochemistry, mathematics (algorithm) and artificial intelligence. Our key R&D staff have, on average, over 14 years of relevant R&D experience.

Manufacturing

The Company owns a manufacturing facility with an aggregate area of approximately 15,000 sq.m. in Hangzhou, China, 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 quality and safety. We conduct all the key manufacturing procedures in-house. In recent 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. In the first half of 2022, we built a new production line for the production of instrument products and optimized the manufacturing process. After being put into use, we will make efficient production throughout all production links, such as material transfer and product production, so as to meet the growing demand for capacity and improve production efficiency. As of the date of this announcement, the production capacity of our CGMS has been able to meet the sales growth demand in the second half of the year.

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 also regularly organize and attend training courses, academic forums, seminars, and other activities at national, regional and local levels, so as to increase awareness and penetration of our products. In early 2022, we set up branches in Beijing and Shanghai to support and encourage our local colleagues, which is conducive to our business development in different regions. In the first half of 2022, we expanded our marketing and sales personnel in specialized 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 diabetes management platform based on cloud big data "Jiantang (檢棠) system" has made entries into more than 300 hospitals. We have also carried out strategic cooperation with Taikang Insurance Group to jointly develop the diabetes treatment efficacy insurance, which has completed the phase I pilot in Shenzhen, Guangdong Province. In the international market, we continued to participate in professional exhibitions for diabetes and medical devices, and continued to recruit localized marketing teams to increase our local brand awareness and service capabilities overseas.

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 most of our revenue from sales of medical devices, including patch insulin pump system, BGMS and CGMS and others.

For the six months ended June 30, 2022, the Group's revenue was RMB71.8 million, representing an increase of 20.9% from RMB59.4 million for the six months ended June 30, 2021. The increase was mainly due to the increased sales of CGMS and BGMS. Although the sales revenue of domestic insulin pump system products increased slightly, the overall sales revenue of insulin pump system products declined in the first half of 2022 due to the limited international transportation capacity and repeated outbreak of COVID-19, affecting the sales of international distributors, which in turn has a temporary and adverse impact on the export of insulin pump system products.

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

	For the six months ended June 30,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
Equil	**24,639**	**34.3**	28,977	48.8
BGMS	**32,508**	**45.3**	27,120	45.6
CGMS	**12,867**	**17.9**	618	1.0
Others	**1,810**	**2.5**	2,694	4.6
Total	**71,824**	**100.0**	59,409	100.0

Cost of Sales

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

For the six months ended June 30, 2022, the Group's cost of sales was RMB40.1 million, representing an increase of 43.7% from RMB27.9 million for the six months ended June 30, 2021. The above increase was mainly due to the increase in staff costs and raw material costs as a result of an increase in 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 0.9% from RMB31.5 million for the six months ended June 30, 2021 to RMB31.8 million for the six months ended June 30, 2022. Gross margin is calculated at gross profit divided by revenue. Due to the temporary pandemic controls in the second quarter of 2022, especially in Shanghai and surrounding areas, which affected the supply of raw materials of the Group, and the measures taken by the Company such as supply chain switching verification, which had a temporary and adverse impact on production costs and other factors, the Group's overall gross margin decreased from 53.0% for the six months ended June 30, 2021 to 44.2% for the six months ended June 30, 2022; however, there was an increase as compared with the gross margin for the second half of 2021. With the successful commercialization of CGMS in the future, and the gradual lifting of the epidemic controls at the end of the second quarter of 2022, as well as the supply chain and production returning to normal, we expect that the overall gross profit and gross margin will grow rapidly in the second half of 2022.

Other Income and Gains

Our other income and gains increased by 271.7% from RMB10.6 million for the six months ended June 30, 2021 to RMB39.4 million for the six months ended June 30, 2022, mainly due to an increase in bank deposit interest and foreign currency exchange gains.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 63.9% from RMB23.8 million for the six months ended June 30, 2021 to RMB39.0 million for the six months ended June 30, 2022, mainly due to the expansion of marketing teams and an increase in marketing costs.

Administrative Expenses

Our administrative expenses decreased by 30.7% from RMB21.5 million the six months ended June 30, 2021 to RMB14.9 million for six months ended June 30, 2022, mainly due to a decrease in equity-settled share-based expense of RMB12.4 million and an increase in staff costs, office expense and depreciation and amortization expenses of RMB5.1 million.

Research and Development costs

Our research and development costs increased by 68.5% from RMB14.6 million for the six months ended June 30, 2021 to RMB24.6 million for the six months ended June 30, 2022, primarily due to an increase in staff costs and experimental materials.

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

	For the six months ended June 30,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**12,044**	**49.0**	6,372	43.7
Depreciation and amortization	**1,619**	**6.6**	1,826	12.5
Service fees	**4,692**	**19.1**	3,114	21.4
Raw material costs	**5,378**	**21.9**	1,967	13.5
Travelling and entertainment expense	**407**	**1.7**	79	0.5
Others	**445**	**1.7**	1,217	8.4
Total	**24,585**	**100.0**	14,575	100.0

Income Tax Expense

Our income tax expense was nil for the six months ended June 30, 2021 and the six months ended June 30, 2022.

Loss for the Period

As a result of the foregoing, we incurred losses of RMB19.1 million and RMB7.9 million for the six months ended June 30, 2021 and the six months ended June 30, 2022, respectively.

Loans and Gearing Ratio

As of June 30, 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 June 30, 2022, the Group's gearing ratio was 3.3%.

Significant Investment held

The Group had no significant investment held during the six months ended June 30, 2022.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended June 30, 2022.

Capital Expenditure

For the six months ended June 30, 2022, the total capital expenditure of the Group amounted to approximately RMB10.5 million, primarily for upgrading our existing product lines and purchasing new machinery.

Contingent Liabilities

As at June 30, 2022, we had no contingent liabilities.

Charge of Assets

As at June 30, 2022, the Company did not charge any fixed assets as securities for borrowings.

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 of June 30, 2022, we had 664 employees (including labor outsourcing personnel).

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 AND PROSPECTS

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. We will continue to adhere to the vision of becoming the world's leading medical device company for diabetes monitoring, treatment and management. We plan to implement the following strategies to achieve our vision and strategic goals, and continue to improve the local market share and brand reputation of patch insulin pump Equil in China.

According to data from CIC, 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 and the wider adoption of intensive insulin therapy.

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, 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 a 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 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 will further expand its sales, marketing and customer service teams to promote our products and services in the hospital-based 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 G7 CGMS in the PRC market

On November 4, 2021, the NMPA officially approved the registration application of the Company's innovative product "CGMS" (AiDEX G7). 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 multi-center 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 2022, the Company will 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 G7 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 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, we believe that with the performance advantages and excellent clinical performance of AiDEX G7 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), the Company will be able to rapidly increase the market share of AiDEX G7 products in China's blood glucose monitoring product market. AiDEX G7 products will also become the main catalyst for the Company's performance growth.

Continue to increase its market share in Europe and the emerging markets, 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 developed markets (Europe, North America, and the emerging developed countries) as a strategic focus. 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 and other countries, and has been well received by local physicians and patients. We have submitted a FDA 510(k) registration application for Equil in 2021 and we are expecting to receive FDA's approval by the end of 2022. The Company's AiDEX G7 CGMS product has now entered the core European markets such as the United Kingdom and Italy. In the second half of 2022, we expect that AiDEX G7 products will continue to be marketed and promoted in more European countries, with access to local medical insurance/commercial insurance, and are expected to be approved by the FDA by the end of 2023. 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.

In order to implement the Company's global growth strategy, our international business team will also continue to participate in international diabetes and endocrinology professional conferences and academic activities, increase overseas local post-market clinical trials, and continue to build a localized international sales team. The purpose is to improve the reputation and utilization rate of the Company's series of brand products among overseas physician and patient audiences, thereby further increasing the international market share.

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 the second half of 2022, we will continue to promote the development and clinical registration of existing product candidates under development, 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 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

As of June 30, 2022, the COVID-19 pandemic had not been contained globally and thus our access to local markets and sales and marketing activities there were limited, which negatively impacted our market expansion and sales growth. Certain cities in China have been impacted by the resurgences of COVID-19 which had reduced our on-site education activities in hospitals. We have mobilized, and will continue to mobilize our internal and external resources and leveraged our operating capabilities to minimize the adverse impact on our business caused by the COVID-19 outbreak.

However, the extent to which the COVID-19 outbreak impacts our business, results of operations and financial conditions will depend on numerous factors beyond our control, including the extent of resurgences of the virus and its variants, vaccine distribution and other actions in response to the virus or to contain its impact. It is uncertain when and whether COVID-19 could be contained globally. We are closely monitoring the impact of COVID-19 outbreak on us and plan to continue implementing measures necessary to ease the impact of the outbreak on our operations. While we continue to assess the impact of the COVID-19 outbreak, we are unable to accurately predict the overall impact of COVID-19. We cannot assure that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial conditions or prospects. Our operations may also be adversely affected if any of our employees or employees of our distributors, suppliers and other business partners were suspected of contracting or contracted COVID-19. In addition, the commencement of new clinical trials for product candidates in our development pipeline could be also delayed or prevented by any delay or failure in subject recruitment or enrollment.

Events after the Reporting Period

On July 28, 2022, the Group received an official approval from the CSRC regarding the implementation of the full circulation of H Shares, pursuant to which up to 104,580,329 Domestic Unlisted Shares can be converted into H Shares for listing thereof on the Stock Exchange. For more related details, please refer to the Company's announcement dated August 3, 2022.

Save as mentioned above, there has no events of material impact on the Group since June 30, 2022 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, save for the deviation from code provision C.2.1 (i.e. former code provision A.2.1).

Code provision C.2.1 of the CG Code provides that the roles of the Chairman of the Board and the CEO 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 are held by Dr. Zheng Pan. 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 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 of the Company 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 complied with the Model Code during the Reporting Period.

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

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

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2022.

Review of Interim Results

The Audit Committee has considered and reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2022 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2022 are in compliance with the relevant accounting standards, laws and regulations.

Publication of Interim Results and Interim 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 2022 interim 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 system"	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
"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
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
"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, whose stock code is: HK2235
"Core Product"	Equil Patch Insulin Pump System, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CSRC"	the China Securities Regulatory Commission(中國證券監督管理委員會)
"Director(s)"	the directors of the Company
"Domestic Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each, which are subscribed for or credited as paid in Renminbi
"Domestic Unlisted Share(s)"	Domestic Share(s) and Unlisted Foreign Share(s)
"Dr. Zheng"	Dr. Zheng Pan(鄭攀), the chairman of the Board, an executive Director, the Chief Executive Officer of the Company and a member of the Single Largest Group of Shareholders
"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", "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 HK 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" or "HK"	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
"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
"MDR"	the European Union Medical Device Regulation
"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 (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2022
"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)
"Taikang Insurance Group"	Taikang Insurance Group Inc.
"U.S." or "United States"	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, August 29, 2022

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, Mr. Hu Xubo and Ms. Gao Yun as non-executive Directors, and Dr. Li Lihua, Ms. Gao Jian, Ms. Wang Chunfeng and Mr. Ho Kin Cheong Kelvin as independent non-executive Directors.