

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountants’ Report set out in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed “Risk Factors” and “Business”.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are an innovation-driven, global leading provider of medical devices and an early-mover in intelli-digital healthcare. We are the clear leader in China’s medical device industry, having ranked No. 1 among all domestic companies in terms of revenue for over five years, according to Frost & Sullivan. We are the No.23 medical device company in terms of revenue in 2024 globally with ranking continuously improved. We are also the only Chinese company among the top 30 medical device companies worldwide by revenue in 2024 and one of the youngest companies among the top 30 industry players.

Through strategic foresight and disciplined execution, we have developed a comprehensive product portfolio that covers multiple critical product lines across the medical device industry. Today, we are the only global medical device company whose portfolio spans virtually every critical clinical setting, from emergency, operating rooms, ICUs, general wards, surgery, and cardiology, to laboratories and ultrasound departments, according to Frost & Sullivan. Across these domains, six of our product categories rank among the top three globally, and nine categories rank No. 1 in China in terms of revenue in 2024, according to Frost & Sullivan.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information during the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). For details of the basis of preparation, see Note 2.1 to the Accountants’ Report included in Appendix I to this Document.

The preparation of our historical financial information during the Track Record Period in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information during the Track Record Period are disclosed in Note 4 to the Accountants’ Report included in Appendix I to this Document.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the major factors affecting our results of operations and financial condition include the following:

Our Ability to Capture Substantial Market Opportunities with Our Digital and Intelligent Healthcare Ecosystem

Rising global healthcare demand, driven by aging populations and higher living standards, faces significant challenges due to medical resources, fiscal pressures, and price-sensitive procurement. To address this imbalance, enhancing medical quality and efficiency has emerged as a critical pathway to seek more effective solutions to address clinical pain points and improve diagnostic efficiency.

Global investments in “new medical infrastructure” are driving demand for modern intelli-digital medication. There are initiatives in hospital expansion, upgrades and smart hospital construction in many countries and regions to address uneven distribution of medical resources and to achieve more consistent quality of medical care.

We believe our “Device + IT + AI” digital and intelligent healthcare ecosystem provides tangible solutions to these challenges by directly enhancing the efficiency, quality and accessibility of care for our hospital clients. Through device interconnectivity, IT-enabled workflow optimization and AI-powered decision support, our ecosystem helps clinicians reduce patient waiting time, improve diagnostic accuracy and streamline cross-campus resource allocation, thereby enabling hospitals to break through the traditional trade-offs between quality, efficiency and cost. In particular, our launch of the world’s first clinically implemented LLM for critical care, Qi Yuan, has marked a milestone in embedding AI into clinical diagnostic reasoning, enabling clinicians to achieve faster and more accurate decision-making in high-acuity settings.

Looking ahead, we intend to further upgrade our “Device + IT + AI” digital and intelligent healthcare ecosystem and explore the application of LLMs across additional clinical departments such as emergency care, medical imaging and laboratory diagnostics. We believe these continued enhancements will not only deepen our engagement with existing clients and support customer retention, but also expand our reach to new clients, thereby driving the sustainability of our revenue growth.

Our Ability to Expand Our Addressable Markets

We believe that our ability to broaden our market coverage, increase our market share in both PRC and overseas markets and capture new opportunities will have a significant effect on our future revenue growth and long-term results of operations.

According to Frost & Sullivan, we have already achieved the largest market shares in certain mature business lines in China, while in some new business lines our market shares remain relatively low, leaving us with substantial room for further penetration. For example, in terms of revenue in 2024, we had a market share of approximately 14% in our addressable patient monitoring and life support market in China, with less than 2% of our addressable market for minimally invasive surgery. We are seeking to significantly increase our market share in the segment of high-value consumables for minimally invasive surgery by actively participating in national volume-based procurement programs and accelerating penetration into high-end hospitals, with the goal of establishing ourselves as a leading player in this field.

FINANCIAL INFORMATION

We believe we have significant growth potential in overseas markets. According to Frost & Sullivan, the global medical device market amounted to US\$623.0 billion in 2024, while our revenue from overseas markets was RMB16.4 billion, representing only a low single-digit market share. With our continued penetration, our ranking in the global medical device industry has steadily improved, reaching 23rd in terms of revenue in 2024 according to Frost & Sullivan. According to the same source, six of our product categories ranked among the top three globally in terms of revenue in 2024, underscoring our strong competitive position in the global medical device market.

Strategic acquisitions have also been an important means for us to broaden our addressable markets and capture new growth opportunities. For example, through the acquisition of APT Medical Inc., a company listed on the STAR Market, we entered the minimally invasive intervention business, which represents a new driver for our business expansion and revenue growth. According to Frost & Sullivan, the global cardiovascular device market size was approximately US\$56 billion in terms of revenue in 2024, with China’s cardiovascular device market size of more than RMB50 billion. Looking ahead, we intend to continue to pursue selective acquisitions, together with leveraging synergies across our existing product lines, to further expand our addressable markets and reinforce our competitive position.

Our Ability to Maintain and Strengthen Our High-End Customer Base

Our results of operations depend on our ability to expand our penetration in high-end customers in overseas markets. During the Track Record Period, leveraging our innovative clinical value, reliable product quality and well-established supply chain and service capabilities, our products and integrated solutions entered an increasing number of high-end hospitals, hospital groups and large chain laboratories, thereby accelerating our breakthroughs in high-end customer bases across different countries. Our broad product portfolio has penetrated 87 of Newsweek Top 100 Hospitals worldwide. While we continued to penetrate previously untapped high-end customers, we also achieved deeper engagement with existing customers, supported by the expansion of our localized manufacturing footprint. As a result, our reputation as a trusted global brand offering high-quality products and fast delivery has been further strengthened, laying a solid foundation for broader product and solution adoption in the future.

Looking ahead, we plan to continue expanding our penetration into untapped high-end customers while deepening cooperation with our existing base, in order to drive steady market share growth and further establish ourselves as a leading global medical device brand. More importantly, we believe our products and integrated solutions are well positioned to benefit from global trends such as increasing fiscal pressure on governments, shortage of healthcare professionals, the emphasis on protecting healthcare workers’ safety, improving efficiency and lowering training thresholds. These factors are expected to create favorable opportunities for us to further strengthen our position and expand our growth in international markets.

Our Global Competitive Advantages in Research and Development, Manufacturing, Marketing and Supply Chain

Our results of operations are significantly affected by our ability to leverage our globalized research and development, manufacturing, marketing and supply chain capabilities to deliver continuous innovation and high-quality products and solutions. As of the Latest Practicable Date, we operated 12 research and development centers worldwide and employed over 5,200 research and development engineers, which provide us with sustained innovation momentum. During the Track Record Period, our total R&D spending amounted to RMB11.7 billion, representing over 10% of total revenue during the same period. As a result, we have developed a comprehensive product portfolio covering *in vitro* diagnostics, patient monitoring and life support and medical imaging, while also actively expanding into minimally invasive surgery, minimally invasive intervention and other new product lines to meet the needs of customers across the full spectrum from mid-end to

FINANCIAL INFORMATION

ultra-premium segments. Our strong engineering capabilities and acute customer insights have enabled us to anticipate and respond effectively to clinical demands, and we plan to further strengthen our research and development efforts going forward.

We also maintain high product quality standards through over 600,000 square meters of manufacturing facilities, supported by an advanced intelligent manufacturing system and robust quality management system, ensuring compliance with global standards and earning wide recognition from downstream customers. With over 20 years of international development, we have established a global localized platform covering marketing, services and research and development, and are continuing to expand our overseas localized manufacturing capabilities, global warehouse network and regional production footprint. As of December 31, 2025, we had set up localized production projects in 14 countries, which have been instrumental in accelerating our penetration into overseas public markets and large-volume customer segments.

Over more than 30 years of development, we have built a marketing network covering over 190 countries and regions and developed a set of organizational capabilities that are difficult to replicate. In recent years, we have further integrated our PRC and overseas marketing systems to enhance responsiveness, strengthen customer engagement and leverage our ability to segment markets precisely, penetrate deeply and bind customers closely. These capabilities have enabled us to capture new opportunities in global markets, deliver superior clinical service levels and achieve large-scale breakthroughs in high-end customers. We believe that our global competitive advantages in research and development, manufacturing, marketing and supply chain will continue to drive our market share gains, deepen penetration into high-end customers and support the long-term sustainable growth of our results of operations.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of the historical financial information requires the use of accounting estimates which, by definition, may differ from the actual results. Management also needs to exercise judgment in applying our accounting policies. Judgments and estimates are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such judgments and estimates as well as our material accounting policies, see Notes 3 and 4 to the Accountants’ Report included in Appendix I to this Document.

DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the periods indicated derived from the Accountants’ Report included in Appendix I to this Document:

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	34,931,901	36,725,750	33,282,159
Cost of sales	<u>(12,513,136)</u>	<u>(13,547,519)</u>	<u>(13,207,838)</u>
Gross profit	22,418,765	23,178,231	20,074,321
Other income	887,513	857,355	561,973
Selling and distribution expenses	(5,010,496)	(5,282,807)	(5,145,135)
Research and development expenses	(3,432,659)	(3,665,861)	(3,578,692)
Administrative expenses	(1,911,634)	(2,018,887)	(1,960,461)
Impairment of financial assets, net	(244,195)	(299,629)	(196,028)
Other losses, net	(444,101)	(206,805)	(494,197)
Finance income	821,643	557,484	479,906

FINANCIAL INFORMATION

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Finance costs	(64,090)	(87,573)	(83,260)
Share of (losses)/profits of associates	(9,817)	(11,812)	15,538
Profit before tax	13,010,929	13,019,696	9,673,965
Income tax expense	(1,432,516)	(1,279,730)	(1,222,494)
Profit for the year	11,578,413	11,739,966	8,451,471

Revenue

Revenue by Product Line

During the Track Record Period, we derived our revenue primarily from sales of (i) *in vitro* diagnostic products, (ii) patient monitoring and life support products, (iii) medical imaging system products, (iv) emerging business, primarily including minimally invasive surgery, minimally invasive intervention and animal care business, and (v) others. The following table sets forth a breakdown of our revenue by product line, in absolute amounts and as percentages of revenue, for the periods indicated. For a detailed discussion of the fluctuations of our revenue during the Track Record Period, see “— Discussion of Results of Operations”.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Product line						
<i>In vitro</i> diagnostic products	12,248,803	35.1	13,512,829	36.8	12,240,657	36.8
Patient monitoring and life support products	14,262,780	40.8	12,265,015	33.4	9,836,724	29.6
Medical imaging system products	6,590,729	18.9	6,973,005	19.0	5,716,706	17.2
Emerging business	1,772,977	5.0	3,873,223	10.5	5,377,960	16.2
Others ⁽¹⁾	56,612	0.2	101,678	0.3	110,112	0.2
Total	34,931,901	100.0	36,725,750	100.0	33,282,159	100.0

Note:

(1) Others primarily represent rental income.

Our revenue increased from RMB34,931.9 million in 2023 to RMB36,725.8 million in 2024, primarily due to the continuous development of our *in vitro* diagnostic products and the rapid growth in our emerging business, reflecting our strong momentum in established and emerging segments. Our revenue decreased from RMB36,725.8 million in 2024 to RMB33,282.2 million in 2025, primarily due to the increasing challenges across the markets of *in vitro* diagnostic products, patient monitoring and life support products and medical imaging system products. For a detailed analysis, see “— Discussion of Results of Operations.”

Revenue by Geographical Market

We have been continuously strengthening our international presence across Asia, America and Europe. The following table sets forth a breakdown of our revenue by geographical market, in absolute amounts and as percentages of revenue, for the periods indicated.

FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland	21,382,036	61.2	20,292,137	55.3	15,631,784	47.0
Asia-Pacific	2,637,845	7.6	3,659,476	10.0	3,617,719	10.9
North America	2,603,033	7.5	2,636,480	7.2	2,702,022	8.1
Latin America	2,422,208	6.9	2,804,226	7.6	2,982,041	9.0
Europe	2,190,510	6.3	2,887,302	7.9	3,374,145	10.1
Others ⁽¹⁾	3,696,269	10.5	4,446,129	12.0	4,974,448	14.9
Total	<u>34,931,901</u>	<u>100.0</u>	<u>36,725,750</u>	<u>100.0</u>	<u>33,282,159</u>	<u>100.0</u>

Note:

(1) Others primarily represent the Africa, Middle East and other regions.

During the Track Record Period, we witnessed a robust increase in our overseas revenue. This is primarily due to our continued penetration in the high-end overseas customers and enhancing platform localization capabilities against the backdrop of macroeconomic and geopolitical fluctuations. Leveraging our solid technological capabilities and product advantages, we expect to further strengthen our international presence and expand our global footprint going forward.

Cost of Sales

Cost of Sales by Nature

Our cost of sales primarily consists of cost of (i) direct material costs, (ii) direct labor costs, (iii) manufacturing costs, and (iv) others. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct material costs	10,005,070	80.0	10,913,046	80.6	10,386,485	78.6
Direct labor costs	840,033	6.7	852,355	6.3	1,021,444	7.7
Manufacturing costs	614,490	4.9	675,729	5.0	863,433	6.5
Others ⁽¹⁾	1,053,543	8.4	1,106,389	8.1	936,476	7.2
Total	<u>12,513,136</u>	<u>100.0</u>	<u>13,547,519</u>	<u>100.0</u>	<u>13,207,838</u>	<u>100.0</u>

Note:

(1) Others mainly represent transportation costs and warranty costs.

During the Track Record Period, direct material costs amounted to RMB10,005.1 million, RMB10,913.0 million, and RMB10,386.5 million in 2023, 2024 and 2025, respectively, accounting for 80.0%, 80.6% and 78.6% of our total cost of sales in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Cost of Sales by Product Line

The following table sets forth a breakdown of our cost of sales by product line, in absolute amounts and as percentages of total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Product line						
<i>In vitro</i> diagnostic products	4,494,645	35.9	5,106,836	37.7	5,101,260	38.6
Patient monitoring and life support products	5,072,481	40.5	4,570,949	33.7	3,996,461	30.3
Medical imaging system products	2,152,562	17.2	2,282,880	16.9	2,112,251	16.0
Emerging business	759,416	6.1	1,539,542	11.4	1,949,887	14.8
Others ⁽¹⁾	34,032	0.3	47,312	0.3	47,979	0.3
Total	12,513,136	100.0	13,547,519	100.0	13,207,838	100.0

Note:

(1) Others primarily represent the depreciation of properties in relation to rental income.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Gross profit and gross profit margin						
<i>In vitro</i> diagnostic products	7,754,158	63.3	8,405,993	62.2	7,139,397	58.3
Patient monitoring and life support products	9,190,299	64.4	7,694,066	62.7	5,840,263	59.4
Medical imaging system products	4,438,167	67.3	4,690,125	67.3	3,604,455	63.1
Emerging business	1,013,561	57.2	2,333,681	60.3	3,428,073	63.7
Others ⁽¹⁾	22,580	39.9	54,366	53.5	62,133	56.4
Total	22,418,765	64.2	23,178,231	63.1	20,074,321	60.3

Note:

(1) Others mainly represent rental income.

Our gross profit increased from RMB22,418.8 million in 2023 to RMB23,178.2 million in 2024, primarily due to the continuous development of our *in vitro* diagnostic products and the rapid growth in our emerging business, reflecting our strong momentum in established and emerging segments. Our gross profit subsequently decreased to RMB20,074.3 million in 2025, in line with the fluctuations in our revenue. For a detailed analysis, see “— Discussion of Results of Operations.”

Other Income

Our other income primarily consists of (i) government grants, and (ii) others, such as dividend income from financial assets at fair value through other comprehensive income or other one-off income. The following table sets forth a breakdown of our other income for the periods indicated.

FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Government grants	831,233	93.7	821,672	95.8	529,135	94.2
Others	56,280	6.3	35,683	4.2	32,838	5.8
Total	887,513	100.0	857,355	100.0	561,973	100.0

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of (i) staff costs, (ii) travelling expenses, (iii) advertising and promotion expenses, (iv) depreciation and amortization expenses, (v) share-based payment expenses, (vi) office expenses and (vii) others. The following table sets forth a breakdown of our selling and distribution expenses by nature, in absolute amounts and as percentages of total selling and distribution expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	3,289,467	65.7	3,544,227	67.1	3,226,822	62.7
Travelling expenses	626,542	12.5	582,106	11.0	593,777	11.5
Advertising and promotion expenses	359,412	7.2	332,386	6.3	303,720	5.9
Depreciation and amortization expenses	255,778	5.1	442,558	8.4	515,197	10.0
Share-based payment expenses	82,904	1.7	(35,971)	(0.7)	1,075	0.0
Office expenses	97,986	2.0	94,352	1.8	104,369	2.0
Others ⁽¹⁾	298,407	5.8	323,149	6.1	400,175	7.9
Total	5,010,496	100.0	5,282,807	100.0	5,145,135	100.0

Note:

(1) “Others” primarily consist of consulting fee, and property management fee.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs; (ii) depreciation and amortization expenses; (iii) material consumption; (iv) share-based payment expenses; and (v) others. The following table sets forth a breakdown of research and development expenses by nature, in absolute amounts and as percentages of total research and development expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	2,358,104	68.7	2,445,562	66.7	2,178,013	60.9
Depreciation and amortization expenses	340,240	9.9	482,000	13.1	552,883	15.4
Material consumption	262,220	7.6	333,980	9.1	319,984	8.9
Share-based payment expenses	113,044	3.3	(45,101)	(1.2)	2,087	0.1
Others ⁽¹⁾	359,051	10.5	449,420	12.3	525,725	14.7
Total	3,432,659	100.0	3,665,861	100.0	3,578,692	100.0

Note:

FINANCIAL INFORMATION

(1) “Others” primarily consist of certification and registration fee, advisory and consulting fee and inspection fee.

We also use the metric of R&D spending as one of the aspects to assess our R&D efforts. R&D spending is calculated by adding up our research and development expenses and capitalized development costs, which amounted to RMB3,779.0 million, RMB4,008.3 million and RMB3,928.9 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our total R&D spending amounted to RMB11.7 billion, representing over 10% of total revenue during the same period.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs; (ii) taxes and surcharges; (iii) professional service fee; (iv) depreciation and amortization expenses; (v) office expenses; (vi) share-based payment expenses; and (vii) others. The following table sets forth a breakdown of administrative expenses by nature, in absolute amounts and as percentages of total administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	844,181	44.2	880,003	43.6	855,890	43.7
Taxes and surcharges	366,077	19.1	400,539	19.8	389,477	19.9
Professional service fee	236,662	12.4	216,768	10.7	227,207	11.6
Depreciation and amortization expenses	150,147	7.9	184,548	9.1	185,369	9.5
Office expenses	87,826	4.6	107,575	5.3	96,860	4.9
Share-based payment expenses	21,828	1.1	(7,741)	(0.4)	1,475	0.1
Others ⁽¹⁾	204,913	10.7	237,195	11.9	204,183	10.3
Total	<u>1,911,634</u>	<u>100.0</u>	<u>2,018,887</u>	<u>100.0</u>	<u>1,960,461</u>	<u>100.0</u>

Note:

(1) “Others” primarily consist of property management fee, commercial insurance premiums, recruitment and training expenses and traveling expenses.

Impairment of Financial Assets, Net

Impairment of financial assets, net, primarily represents allowance for debt instruments. We recorded impairment of financial assets of RMB244.2 million, RMB299.6 million and RMB196.0 million in 2023, 2024 and 2025, respectively.

Other Losses, Net

Other losses, net, primarily consist of (i) exchange gains/losses, (ii) fair value gains on financial assets at fair value through profit or loss (“FVTPL”), (iii) gains or losses on disposal of various assets, (iv) impairment of various assets, (v) donations and (vi) others. We recorded other losses, net, of RMB444.1 million, RMB206.8 million and RMB494.2 million in 2023, 2024 and 2025, respectively. For details, see Note 6 to the Accountants’ Report set forth in Appendix I to this Document.

Finance Income

Finance income primarily consists of interest income on deposits in financial institutions. Our finance income amounted to RMB821.6 million, RMB557.5 million and RMB479.9 million in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Finance Costs

Finance costs primarily consist of (i) imputed interest expenses on non-current salaries, wages and benefits payables; (ii) interest expenses on lease liabilities, and (iii) interest expenses on bank and other borrowings. Our finance costs amounted to RMB64.1 million, RMB87.6 million and RMB83.3 million in 2023, 2024 and 2025, respectively.

Share of (Losses)/Profits of Associates

Share of (losses)/profits of associates primarily represents our share of profits or losses of associates we invested in. We recorded share of losses of associates of RMB9.8 million and RMB11.8 million in 2023 and 2024. We recorded share of profits of associates of RMB15.5 million in 2025.

Income Tax Expenses

In 2023, 2024 and 2025, we had income tax expenses of RMB1,432.5 million, RMB1,279.7 million and RMB1,222.5 million, respectively.

Profit for the Year

We recorded profit for the year of RMB11,578.4 million, RMB11,740.0 million and RMB8,451.5 million in 2023, 2024 and 2025, respectively.

TAXATION

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on 1 January 2008, except for our company and our certain subsidiaries in Chinese Mainland which are granted tax concessions and are taxed at preferential tax rates.

Our Company, Shenzhen Mindray Scientific Co., Ltd., Nanjing Mindray Bio-medical Electronics Co., Ltd. and Wuhan Mindray Scientific Co., Ltd. were qualified as High and New Technology Enterprises and enjoyed a preferential income tax rate of 15% during the Track Record Period. According to announcements and circulars issued by relevant government authorities, Shenzhen Mindray Software Technology Co., Ltd. was qualified as a National Key Software Enterprise and enjoyed a preferential corporate income tax rate of 10% during the Track Record Period.

Pursuant to the Corporate Income Tax Law of the PRC, our company and our certain subsidiaries enjoyed a super deduction of 200% on qualified research and development costs during the Track Record Period.

FINANCIAL INFORMATION

Hong Kong

Entities within our Group incorporated in Hong Kong are subject to a statutory tax rate of 16.5%.

United States

Entities within our Group incorporated in the United States are subject to the federal corporate income tax rate of 21%. The state income tax rate remains within the range from 1% to 11.5%.

Netherlands

Mindray Medical Netherlands B.V. is subject to a statutory tax rate of 25.8%.

Other overseas areas

Our other overseas subsidiaries are subject to income tax at rates ranging from 0% to 35%.

Pillar Two Income Taxes

We are within the scope of the Pillar Two model rules. We have applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which we operate and the legislation is effective for the Group’s financial year beginning January 1, 2024.

We have assessed our potential exposure based on the information available regarding our financial performance in 2024 and 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, we expect to benefit from the transitional Country-by-Country Reporting (CbCR) safe harbour in most jurisdictions where Pillar Two legislation has been enacted for 2024 and 2025, with no material top-up tax liabilities arising. There are a limited number of jurisdictions where the Pillar Two effective tax rate is below 15%. We continue to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on our financial statements.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue decreased by 9.4% from RMB36,725.8 million in 2024 to RMB33,282.2 million in 2025.

- Our revenue from *in vitro* diagnostic products decreased by 9.4% from RMB13,512.8 million in 2024 to RMB12,240.7 million in 2025, primarily due to the intense competition and ongoing healthcare reforms in the PRC market, leading to an industry-wide contraction and downward pressure in both sales volume and prices of our *in vitro* diagnostic products. This was partially offset by the strong growth of our overseas revenue from *in vitro* diagnostic products, reflecting our increasing penetration into overseas and high-end markets.
- Our revenue from patient monitoring and life support products decreased by 19.8% from RMB12,265.0 million in 2024 to RMB9,836.7 million in 2025, primarily due to the challenges in the patient monitoring and life support market in China, where we

FINANCIAL INFORMATION

nevertheless maintained our leading position. The decline was primarily driven by (i) a slowdown in the progress of certain medical infrastructure projects resulting from shrinking hospital procurement budgets amid global inflationary pressures and domestic operational challenges, and (ii) a decrease in revenue due to the extended public tender cycle. Despite these challenges, our overseas revenue remained relatively stable, supported by our continued expansion into high-end clientele in the overseas markets.

- Our revenue from medical imaging system products decreased by 18.0% from RMB6,973.0 million in 2024 to RMB5,716.7 million in 2025. The decline was primarily due to a deep industry adjustment and fewer tendering activities in the PRC market in 2024, with the impact on revenue becoming evident in 2025, as hospitals shrank their capital expenditures. Meanwhile, we recorded strong growth and deeper market penetration overseas, driven by increasing demand for our high-end medical imaging system products.
- Our revenue from emerging business increased by 38.8% from RMB3,873.2 million in 2024 to RMB5,378.0 million in 2025, primarily due to the growth in our animal care business and consolidation of revenue contributed by APT Medical Inc., which increased from RMB1,438.7 million for the eight-month period after the acquisition of APT Medical Inc. in 2024 to RMB2,583.9 million in 2025.
- Our revenue from others increased by 8.3% from RMB101.7 million in 2024 to RMB110.1 million in 2025.

Cost of sales

Our cost of sales decreased by 2.5% from RMB13,547.5 million in 2024 to RMB13,207.8 million in 2025, primarily due to the decrease in our direct material costs, which is in line with our revenue fluctuation. This was partially offset by the increase in our manufacturing costs and direct labor costs, reflecting a shift in our manufacturing and product matrix. In terms of product line, the decrease in our cost of sales was primarily attributable to the decreases in cost of sales of our patient monitoring and life support products and medical imaging system products, which were in line with the revenue fluctuation of the respective product line. Such decrease was partially offset by the increase in cost of sales of our emerging business, in line with the development of such business.

Gross profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by RMB3,103.9 million, or 13.4%, from RMB23,178.2 million in 2024 to RMB20,074.3 million in 2025. Our gross profit margin slightly decreased from 63.1% to 60.3% during the same period. In 2025, our gross profit and gross profit margin for our emerging business increased as compared to the same period in 2024, reflecting our progress in exploring new segments with potential for future growth.

- Our gross profit from *in vitro* diagnostic products decreased by 15.1% from RMB8,406.0 million in 2024 to RMB7,139.4 million in 2025, in line with the revenue fluctuations of our *in vitro* diagnostic business, and the gross profit margin remained relatively stable during the same period.
- Our gross profit from patient monitoring and life support products decreased by 24.1% from RMB7,694.1 million in 2024 to RMB5,840.3 million in 2025, in line with the revenue fluctuations of our patient monitoring and life support business, and the gross profit margin remained relatively stable during the same period.
- Our gross profit from medical imaging system products decreased by 23.1% from RMB4,690.1 million in 2024 to RMB3,604.5 million in 2025, in line with the revenue fluctuations of our medical imaging system business, and the gross profit margin remained relatively stable during the same period.

FINANCIAL INFORMATION

- Our gross profit from emerging business increased by 46.9% from RMB2,333.7 million in 2024 to RMB3,428.1 million in 2025, in line with the revenue increased of our emerging business, and the gross profit margin increased during the same period, reflecting our progress in exploring new segments with potential for future growth.
- Our gross profit from others increased by 14.3% from RMB54.4 million in 2024 to RMB62.1 million in 2025, and the gross profit margin remained relatively stable during the same period.

Other Income

Our other income decreased by 34.5% from RMB857.4 million in 2024 to RMB562.0 million in 2025, primarily due to the decrease in government grants mainly in relation to value-added tax refund on sales of software.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB5,282.8 million in 2024 and RMB5,145.1 million in 2025.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB3,665.9 million in 2024 and RMB3,578.7 million in 2025.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB2,018.9 million in 2024 and RMB1,960.5 million in 2025.

Impairment of Financial Assets, Net

Our impairment of financial assets, net, decreased by 34.6% from RMB299.6 million in 2024 to RMB196.0 million in 2025, primarily due to a decrease in our expected credit losses on our trade receivables in the ordinary course of our business.

Other Losses, Net

Our other losses, net, increased by 139.0% from RMB206.8 million in 2024 to RMB494.2 million in 2025, primarily due to an increase in impairment of inventories, and an increase in foreign exchange losses.

Finance Income

Our finance income decreased by 13.9% from RMB557.5 million in 2024 to RMB479.9 million in 2025 due to the decrease in interest income on deposits in financial institutions.

Finance Costs

Our finance costs decreased by 4.9% from RMB87.6 million in 2024 and RMB83.3 million in 2025.

FINANCIAL INFORMATION

Share of (Losses)/Profits of Associates

We recorded a share of profits of associates of RMB15.5 million in 2025, compared to a share of losses of RMB11.8 million in 2024, primarily related to the improved results of operations of our associates.

Income Tax Expense

Our income tax expense decreased by 4.5% from RMB1,279.7 million in 2024 to RMB1,222.5 million in 2025, in line with the fluctuations of our profit before taxation.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 28.0% from RMB11,740.0 million in 2024 to RMB8,451.5 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 5.1% from RMB34,931.9 million in 2023 to RMB36,725.8 million in 2024.

- Our revenue from *in vitro* diagnostic products increased by 10.3% from RMB12,248.8 million in 2023 to RMB13,512.8 million in 2024, primarily driven by robust growth in our overseas markets, reflecting our strong momentum in expanding into international and high-end markets.
- Our revenue from patient monitoring and life support products decreased by 14.0% from RMB14,262.8 million in 2023 to RMB12,265.0 million in 2024, mainly due to reduced government funding for hospital construction and renovation projects, as well as a decrease in revenue resulting from the prolonged public tender cycle. This decline was partially offset by our continued penetration into high-end international markets, which delivered double-digit growth in overseas revenue for this product line.
- Our revenue from medical imaging system products increased by 5.8% from RMB6,590.7 million in 2023 to RMB6,973.0 million in 2024, driven by the increased sales of our high-end and ultra high-end systems and the mass production of our flagship Resona A20 in 2024, despite industry-wide headwinds from reduced government healthcare funding.
- Our revenue from emerging business increased significantly from RMB1,773.0 million in 2023 to RMB3,873.2 million in 2024, primarily due to our acquisition of APT Medical Inc and the growth in our animal care business.
- Our revenue from others significantly increased by 79.6% from RMB56.6 million in 2023 to RMB101.7 million in 2024.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased by 8.3% from RMB12,513.1 million in 2023 to RMB13,547.5 million in 2024, primarily due to the increase in our direct material costs and manufacturing costs, which is in line with our revenue growth. In terms of product line, the increase in our cost of sales was primarily attributable to increases in cost of sales of emerging business, *in vitro* diagnostic products and medical imaging system products, in line with the growth in such businesses.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 3.4% from RMB22,418.8 million in 2023 to RMB23,178.2 million in 2024, primarily due to the significant increase in the gross profit for our emerging business attributable to the acquisition of APT Medical Inc., reflecting our continuous progress and exploration in new segments with potential for future growth. Our gross profit margin slightly decreased from 64.2% in 2023 to 63.1% in 2024.

- Our gross profit for *in vitro* diagnostic products increased by 8.4% from RMB7,754.2 million in 2023 to RMB8,406.0 million in 2024, in line with the revenue growth of our *in vitro* diagnostic business, and the gross profit margin remained relatively stable during the same period.
- Our gross profit for patient monitoring and life support products decreased by 16.3% from RMB9,190.3 million in 2023 to RMB7,694.1 million in 2024, in line with the revenue fluctuations of our patient monitoring and life support products business, and the gross profit margin remained relatively stable during the same period.
- Our gross profit for medical imaging system products increased by 5.7% from RMB4,438.2 million in 2023 to RMB4,690.1 million in 2024, in line with the revenue fluctuations of our medical imaging system business, and the gross profit margin remained stable during the same period.
- Our gross profit for emerging business increased significantly from RMB1,013.6 million in 2023 to RMB2,333.7 million in 2024, primarily due to the acquisition of APT Medical Inc, and the gross profit margin remained relatively stable during the same period.
- Our gross profit for others increased significantly from RMB22.6 million in 2023 to RMB54.4 million in 2024, and the gross profit margin increased from 39.9% to 53.5% during the same period.

Other Income

Our other income remained relatively stable at RMB887.5 million in 2023 and RMB857.4 million in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable RMB5,010.5 million in 2023 and RMB5,282.8 million in 2024.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses increased by RMB233.2 million, or 6.8%, from RMB3,432.7 million in 2023 to RMB3,665.9 million in 2024, reflecting our increased investment in research and development, which was in line with our business expansion.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB1,911.6 million in 2023 and RMB2,018.9 million in 2024.

Impairment of Financial Assets, Net

Our impairment of financial assets, net, increased by 22.7% from RMB244.2 million in 2023 to RMB299.6 million in 2024, primarily due to an increase in our expected credit losses on our trade receivables in the ordinary course of our business.

Other Losses, Net

Our other losses, net, decreased by 53.4% from RMB444.1 million in 2023 to RMB206.8 million in 2024, primarily due to the impairment of intangible assets recognized in 2023. The decrease was partially offset by the exchange losses recorded in 2024 as compared to exchange gains recorded in 2023, as a result of exchange rate changes.

Finance Income

Our finance income decreased by 32.2% from RMB821.6 million in 2023 to RMB557.5 million in 2024, primarily attributable to the realization of interests upon maturity of a large amount of term deposits and certificates of deposits in 2023.

Finance Costs

Our finance costs increased by 36.6% from RMB64.1 million in 2023 to RMB87.6 million in 2024, primarily due to the increase in interest expenses on non-current salaries, wages and benefits payables.

Share of (Losses)/Profits of Associates

Our share of losses of associates increased by 20.3% from RMB9.8 million in 2023 to RMB11.8 million in 2024, primarily related to the fluctuations of operations of our associates.

Income Tax Expense

Our income tax expense decreased by 10.7% from RMB1,432.5 million in 2023 to RMB1,279.7 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 1.4% from RMB11,578.4 million in 2023 to RMB11,740.0 million in 2024.

FINANCIAL INFORMATION

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants’ Report included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	21,064,773	30,996,923	31,856,616
Current assets	26,875,230	25,646,622	27,410,151
Total assets	47,940,003	56,643,545	59,266,767
Non-current liabilities	4,491,314	5,458,239	4,655,842
Current liabilities	10,102,650	10,427,129	11,599,605
Total liabilities	14,593,964	15,885,368	16,255,447
Total assets less current liabilities	37,837,353	46,216,416	47,667,162
Net current assets	16,772,580	15,219,493	15,810,546
Net assets	33,346,039	40,758,177	43,011,320
Share capital	1,212,441	1,212,441	1,212,441
Treasury shares	(663,277)	(337,765)	(210,569)
Reserves	32,536,225	34,981,682	37,091,458
Non-controlling interests	260,650	4,901,819	4,917,990
Total equity	33,346,039	40,758,177	43,011,320

Assets

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Property, plant and equipment			
Land and buildings	4,147,373	5,185,663	5,527,306
Construction in progress	2,461,282	2,674,834	3,154,324
Machinery	772,526	1,265,867	1,477,191
Electronic and other equipment	567,567	627,162	659,194
Leasehold improvements	74,879	53,014	96,583
Motor vehicles	2,118	7,467	6,436
Total	8,025,745	9,814,007	10,921,034

Our property, plant and equipment increased during the Track Record Period, primarily due to the increase in our land and buildings, construction in progress, machinery and electronic and other equipment, reflecting our increased investment in infrastructure projects and fixed assets to support our business expansion.

FINANCIAL INFORMATION

Right-of-use Assets

Our right-of-use assets mainly represent (i) buildings, (ii) machinery and equipment, (iii) motor vehicles, (iv) electronic equipment and others, and (v) leasehold land. Our right-of-use assets increased from RMB878.8 million as of December 31, 2023 to RMB1,258.4 million as of December 31, 2024, primarily due to the leasehold land we acquired in 2024 upon acquisition of APT Medical Inc. Our right-of-use assets remained relatively stable at RMB1,277.1 million as of December 31, 2025.

Goodwill

Our goodwill increased significantly from RMB5,061.7 million as of December 31, 2023 to RMB11,093.2 million as of December 31, 2024, primarily due to our acquisition of APT Medical Inc. in 2024. Our goodwill remained relatively stable at RMB11,404.1 million as of December 31, 2025. We did not recognize any impairment loss of goodwill during the Track Record Period. Our accumulated impairment of goodwill remained at RMB135.3 million as of December 31, 2025. For more details, see Note 17 of the Accountants’ Report in Appendix I to this Document.

Other Intangible Assets

Our other intangible assets mainly represent (i) patents and technical know-how, (ii) software, (iii) trademarks, (iv) customer relationship, and (v) capitalized development costs. Our other intangible assets increased significantly from RMB1,958.9 million as of December 31, 2023 to RMB6,091.2 million as of December 31, 2024, primarily attributable to the patents and technical know-how, trademarks and customer relationship we recognized in our acquisition of APT Medical Inc. in 2024. Our other intangible assets decreased to RMB5,719.1 million as of December 31, 2025, primarily due to the amortization of our other intangible assets, in line with the increase in the gross balance of our other intangible assets.

Investments in Associates

Our investments in associates mainly represent our investments in minority equity interest of certain healthcare and technology companies in China, over which we have no control but can exercise significant influence. For details, see Note 19 of the Accountants’ Report in Appendix I to this Document. Our investments in associates increased significantly from RMB66.6 million as of December 31, 2023 to RMB197.2 million as of December 31, 2024, primarily due to the addition in our investments in associates in 2024 upon our acquisition of APT Medical Inc. Our investments in associates decreased to RMB179.7 million as of December 31, 2025, primarily attributable to partial disposal of our investment in an associate.

Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income mainly represent our investments in equity interest of some listed and unlisted companies measured at fair value. Our financial assets at fair value through other comprehensive income increased from RMB142.8 million as of December 31, 2023 to RMB198.2 million as of December 31, 2024, primarily related to our acquisition of APT Medical Inc. Our financial assets at fair value through other comprehensive income remained relatively stable at RMB194.7 million as of December 31, 2025.

FINANCIAL INFORMATION

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss mainly represent our investments in equity interest of certain companies measured at fair value and our investment in wealth management products. We recorded financial assets at fair value through profit or loss of RMB1,270.5 million as of December 31, 2023, primarily associated with our equity investments in 2023. Our financial assets at fair value through profit or loss then decreased to nil as of December 31, 2024, as a result of our disposal of the equity investments. We recorded financial assets at fair value through profit or loss of RMB250.5 million as of December 31, 2025, primarily associated with our investment in certain wealth management products.

We have adopted comprehensive investment policies and procedures. Investment proposals are subject to review and approval by the general manager, the Board, the Board’s strategy and sustainability committee and Shareholders, depending on the size and nature of the transaction. The annual investment plan is prepared by the general manager and approved by the Board and Shareholders. Material investments are assessed based on applicable size tests, including asset value, revenue, net profit, consideration and profit contribution ratios, and transactions exceeding prescribed thresholds are subject to Board and Shareholders’ approval and disclosure requirements.

Following the [REDACTED], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Inventories

Our inventories comprise raw materials, work in progress and finished goods. The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Raw materials	1,528,965	1,327,967	1,713,751
Work in progress	1,145,771	1,343,145	1,354,101
Finished goods	1,720,903	2,494,356	2,433,860
Less: provision for impairment loss	<u>(417,007)</u>	<u>(408,043)</u>	<u>(497,995)</u>
Total	<u>3,978,632</u>	<u>4,757,425</u>	<u>5,003,717</u>

Our inventories increased from RMB3,978.6 million as of December 31, 2023 to RMB4,757.4 million as of December 31, 2024, primarily due to the increased inventory storage in anticipation of sales growth. Our inventories further increased to RMB5,003.7 million as of December 31, 2025, primarily due to increased inventory storage in light of ongoing global trade policy uncertainties.

The following table sets forth the aging analysis of our inventories after deduction of provision as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within 1 year	3,566,116	4,255,928	4,397,158
1-2 years	505,010	481,044	591,236
Over 2 years	324,513	428,496	513,318
Less: provision for impairment loss	<u>(417,007)</u>	<u>(408,043)</u>	<u>(497,995)</u>
Total	<u>3,978,632</u>	<u>4,757,425</u>	<u>5,003,717</u>

FINANCIAL INFORMATION

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions.

The following table sets forth the turnover days of our inventories for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	126.2	128.8	147.4

Note:

- (1) Inventory turnover days for a period equals the average of the gross value of the opening and closing balances of inventories divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our inventory turnover days remained relatively stable from 2023 to 2024. We witnessed an increase in our inventory turnover days in 2025, primarily due to our inventory storage and subsequently increased balances.

As of March 31, 2026, RMB3,148.4 million, or 62.9% of our inventories as of December 31, 2025 had been sold or utilized.

Trade and Bills Receivables

Trade and bills receivables are amounts mainly due from sales of medical devices. We seek to maintain strict control over our outstanding receivables. Our finance department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risks.

We recorded trade and bills receivables of RMB3,307.8 million, RMB3,248.5 million and RMB3,427.6 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our trade and bills receivables from December 31, 2024 to December 31, 2025 was primarily due to our business expansion.

The following table sets forth an aging analysis of our trade receivables net of loss allowance as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within the credit period	2,179,713	2,587,781	2,851,663
Past due within 90 days	522,481	339,755	453,523
Past due 90 to 360 days	411,549	125,476	89,725
Past due over 360 days	192,324	189,153	30,676
Total	3,306,067	3,242,165	3,425,587

FINANCIAL INFORMATION

The following table sets forth the turnover days of our trade and bills receivables for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	33.8	37.6	44.8

Note:

- (1) Trade and bills receivables turnover days for a period equals the average of the gross value of the opening and closing balances of trade and bills receivables divided by revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

We have established and implemented a comprehensive credit risk management system for both PRC and overseas operations. Our trade receivable turnover days increased during the Track Record Period, primarily due to the increased revenue contribution from overseas customers which generally have relatively longer settlement periods.

As of March 31, 2026, RMB2,790.2 million, or 81.5%, of our trade receivables as of December 31, 2025 had been settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Non-current			
Prepayments for purchase of property, plant and equipment	534,569	443,776	402,006
Other assets	152,638	148,305	142,765
Total	687,207	592,081	544,771
Current			
Prepayments	267,794	297,468	272,665
Value-added tax recoverable	227,989	397,726	352,756
Tax refund	96,303	84,953	62,865
Deposits	23,543	29,368	39,967
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other assets	197,427	211,144	297,076
Impairment allowance	(468)	(1,144)	(1,611)
Total	812,588	1,019,515	1,055,493

Prepayments, other receivables and other assets increased from RMB812.6 million as of December 31, 2023 to RMB1,019.5 million as of December 31, 2024, and further to RMB1,055.5 million as of December 31, 2025, in line with our business expansion.

As of March 31, 2026, RMB529.1 million, or 33.1%, of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Liabilities

Trade Payables

Our trade payables primarily represent payables for procured materials. Our trade payables are non-interest-bearing and are normally settled on 90- to 120-day terms. Our trade payables increased from RMB2,690.4 million as of December 31, 2023 to RMB2,792.5 million as of December 31, 2024, and further to RMB3,242.3 million as of December 31, 2025, primarily due to increased inventory storage in light of ongoing global trade policy uncertainties.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within 1 year	2,684,603	2,781,724	3,234,526
Over 1 year	5,804	10,791	7,740
Total	2,690,407	2,792,515	3,242,266

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	72.6	73.9	83.4

Note:

- (1) Trade payables turnover days for a period equals the average of the gross value of the opening and closing balances of trade payables divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade payables turnover days remained relatively stable at 72.6 days and 73.9 days in 2023 and 2024, respectively, and subsequently increased to 83.4 days in 2025, primarily due to the increase in our trade payables balances in relation to our inventory storage and procurement.

As of March 31, 2026, RMB2,451.1 million, or 75.6%, of our trade payables as of December 31, 2025 had been settled.

Contract Liabilities

We recorded current contract liabilities of RMB1,973.4 million, RMB2,165.8 million and RMB3,000.6 million as of December 31, 2023, 2024 and 2025, respectively. We recorded non-current contract liabilities of RMB180.9 million, RMB155.6 million and RMB296.7 million as of December 31, 2023, 2024 and 2025 respectively. Our contract liabilities increased during the Track Record Period, primarily due to the increase in our deferred revenue.

As of March 31, 2026, RMB1,343.4 million, or 44.8%, of our contract liabilities in current portion as of December 31, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current:			
Provision	512,615	511,586	448,364
Salaries, wages and benefits payables.	2,943,194	3,297,924	2,375,582
Put options held by non-controlling interests	394,433	379,664	415,473
Others	86	62	–
Total	<u>3,850,328</u>	<u>4,189,236</u>	<u>3,239,419</u>
Current:			
Salaries, wages and benefits payables.	2,266,759	2,446,960	2,529,632
Payables relating to purchases of items of property, plant and equipment	516,731	568,667	596,307
Deposits	486,799	452,294	444,269
Other taxes payables	181,596	222,076	171,180
Provision	290,618	342,981	246,787
Output value-added tax to be transferred	73,899	76,746	74,074
Considerations received from employees under employee stock ownership plan	80,399	31,329	–
Subsidiary’s dividends payable to non-controlling shareholder.	–	–	18,314
Other payables and accruals	957,956	1,001,535	938,533
Total	<u>4,854,757</u>	<u>5,142,588</u>	<u>5,019,096</u>

Our non-current other payables and accruals increased from RMB3,850.3 million as of December 31, 2023 to RMB4,189.2 million as of December 31, 2024, and subsequently decreased to RMB3,239.4 million as of December 31, 2025, primarily due to the fluctuation in our salaries, wages and benefits payables. We recorded current other payables and accruals of RMB4,854.8 million, RMB5,142.6 million and RMB5,019.1 million as of December 31, 2023, 2024 and 2025 respectively.

As of March 31, 2026, RMB3,470.4 million, or 69.1%, of our other payables and accruals in current portion as of December 31, 2025 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations. Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, net [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time.

FINANCIAL INFORMATION

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(unaudited)</i>
Inventories	3,978,632	4,757,425	5,003,717	5,254,258
Trade and bills receivables . . .	3,296,830	3,225,616	3,410,083	3,574,473
Prepayments, other receivables and other assets	812,588	1,019,515	1,055,493	1,136,789
Financial assets at fair value through profit or loss	–	–	250,486	296,008
Term deposits	8,858	1,664,629	5,349	2,645
Restricted cash	109,903	71,711	60,119	53,540
Cash and cash equivalents . . .	18,668,419	14,907,726	17,624,904	17,736,612
Total current assets	26,875,230	25,646,622	27,410,151	28,054,325
Trade payables	2,690,407	2,792,515	3,242,266	3,545,265
Contract liabilities	1,973,362	2,165,767	3,000,601	3,342,384
Other payables and accruals . .	4,854,757	5,142,588	5,019,096	4,548,657
Lease liabilities	104,302	114,270	123,194	131,981
Income tax payable	471,647	205,430	213,663	176,271
Bank borrowings	8,175	6,559	785	612
Total current liabilities	10,102,650	10,427,129	11,599,605	11,745,170
Net current assets	16,772,580	15,219,493	15,810,546	16,309,155

Our net current assets increased from RMB15,810.5 million as of December 31, 2025 to RMB16,309.2 million as of March 31, 2026, primarily due to (i) a decrease in our other payables and accruals of RMB470.4 million, (ii) an increase in our inventories of RMB250.5 million, (iii) an increase in our trade and bills receivables of RMB164.4 million, and (iv) an increase in our cash and cash equivalents of RMB111.7 million; partially offset by (i) an increase in our contract liabilities of RMB341.8 million, and (ii) an increase in our trade payables of RMB303.0 million.

Our net current assets increased from RMB15,219.5 million as of December 31, 2024 to RMB15,810.5 million as of December 31, 2025, primarily due to (i) an increase in our cash and cash equivalents of RMB2,717.2 million, (ii) an increase in our financial assets at fair value through profit or loss of RMB250.5 million, (iii) an increase in our inventories of RMB246.3 million, and (iv) an increase in our trade and bills receivables of RMB184.5 million; which was partially offset by the decrease in our term deposits of RMB1,659.3 million.

Our net current assets decreased from RMB16,772.6 million as of December 31, 2023 to RMB15,219.5 million as of December 31, 2024, primarily due to (i) a decrease in our cash and cash equivalents of RMB3,760.7 million, (ii) an increase in our other payables and accruals of RMB287.8 million and (iii) an increase in our contract liabilities of RMB192.4 million; partially offset by (i) an increase in our term deposits of RMB1,655.8 million; (ii) an increase in our inventories of RMB778.8 million, and (iii) a decrease in our income tax payable of RMB266.2 million.

FINANCIAL INFORMATION

Cash Flow Analysis

The following table sets forth our consolidated cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net cash flows from operating activities.	11,062,025	12,432,041	10,144,965
Net cash flows used in investing activities	(692,931)	(7,383,210)	(509,394)
Net cash flows used in financing activities	<u>(10,775,686)</u>	<u>(8,881,713)</u>	<u>(6,723,682)</u>
Net (decrease)/increase in cash and cash equivalents	(406,592)	(3,832,882)	2,911,889
Cash and cash equivalents at the beginning of the year	18,973,644	18,668,419	14,907,726
Net foreign exchange difference.	<u>101,367</u>	<u>72,189</u>	<u>(194,711)</u>
Cash and cash equivalents at the end of the year	<u>18,668,419</u>	<u>14,907,726</u>	<u>17,624,904</u>

Net Cash Flows from Operating Activities

In 2025, our net cash flows from operating activities was RMB10,145.0 million. This was primarily attributable to our profit before tax of RMB9,674.0 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization of other intangible assets of RMB824.7 million, and (ii) depreciation of property, plant and equipment of RMB747.9 million. The amount was further adjusted by income taxes paid of RMB1,205.6 million, and movements in working capital, primarily including (i) a decrease in other payables and accruals of RMB1,123.2 million, and (ii) an increase in inventories of RMB639.1 million, partially offset by (i) an increase in contract liabilities of RMB975.9 million, and (ii) an increase in trade payables of RMB462.4 million.

In 2024, our net cash flows from operating activities was RMB12,432.0 million. This was primarily attributable to our profit before tax of RMB13,019.7 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization of other intangible assets of RMB690.6 million, (ii) depreciation of property, plant and equipment of RMB658.5 million, and (iii) impairment of financial assets, net of RMB299.6 million. The amount was further adjusted by income taxes paid of RMB1,988.5 million, and movements in working capital, primarily including (i) an increase in inventories of RMB782.0 million, and (ii) an increase in trade and bills receivables of RMB198.3 million, partially offset by an increase in other payables and accruals of RMB465.6 million.

In 2023, our net cash flows from operating activities was RMB11,062.0 million. This was primarily attributable to our profit before tax of RMB13,010.9 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) depreciation of property, plant and equipment of RMB539.3 million, (ii) amortization of other intangible assets of RMB368.1 million, and (iii) impairment of other intangible assets of RMB273.3 million. The amount was further adjusted by income taxes paid of RMB1,664.5 million, and movements in working capital, primarily including (i) a decrease in contract liabilities of RMB2,153.1 million, and (ii) an increase in trade and bills receivables of RMB712.7 million, partially offset by an increase in other payables and accruals of RMB683.4 million.

FINANCIAL INFORMATION

Net Cash Flows Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB509.4 million. This was primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB2,733.5 million, and (ii) purchases of items of property, plant and equipment of RMB1,656.1 million. Such outflow was partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB2,491.1 million, and (ii) maturity of certificates of deposits of RMB1,674.0 million.

In 2024, our net cash flows used in investing activities was RMB7,383.2 million, which was primarily attributable to (i) acquisition of subsidiaries of RMB5,773.3 million, (ii) purchases of items of property, plant and equipment of RMB1,572.5 million, and (iii) purchases of financial assets at fair value through profit or loss of RMB1,058.0 million. Such outflow was partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB1,313.0 million.

In 2023, our net cash flows used in investing activities was RMB692.9 million, which was primarily attributable to (i) placement of certificates of deposits of RMB2,615.0 million, (ii) purchases of items of property, plant and equipment of RMB2,266.3 million, and (iii) purchases of financial assets at fair value through profit or loss of RMB1,191.1 million. Such outflow was partially offset by the maturity of certificates of deposits of RMB6,771.2 million.

Net Cash Flows Used in Financing Activities

In 2025, our net cash flows used in financing activities was RMB6,723.7 million, which was primarily attributable to (i) dividends paid of RMB5,742.0 million, and (ii) acquisition of non-controlling interests of RMB790.6 million.

In 2024, our net cash flows used in financing activities was RMB8,881.7 million, which was primarily attributable to dividends paid of RMB8,842.6 million.

In 2023, our net cash flows used in financing activities was RMB10,775.7 million, which was primarily attributable to dividends paid of RMB10,669.5 million.

INDEBTEDNESS

The following table sets forth a breakdown of our financial indebtedness as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(unaudited)</i>
Current				
Bank borrowings	8,175	6,559	785	612
Lease liabilities	104,302	114,270	123,194	131,981
Non-Current				
Bank borrowings	1,381	345	4,063	273
Lease liabilities	181,073	177,312	221,242	210,098
Total	<u>294,931</u>	<u>298,486</u>	<u>349,284</u>	<u>342,964</u>

FINANCIAL INFORMATION

Bank Borrowings

Our bank borrowings amounted to RMB9.6 million, RMB6.9 million, RMB4.8 million and RMB0.9 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, among which RMB7.0 million, RMB6.3 million, RMB4.8 million and RMB0.9 million were unsecured as of the same dates, respectively. As of March 31, 2026, we had unutilized banking facilities of RMB6,286.7 million.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB181.1 million, RMB177.3 million, RMB221.2 million and RMB210.1 million, as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. We recorded current lease liabilities of RMB104.3 million, RMB114.3 million, RMB123.2 million and RMB132.0 million, as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of March 31, 2026 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures (in accrual basis) for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Property, plant and equipment	2,294,245	1,771,138	1,725,570
Leasehold land in right-of-use assets	65,199	322,509	720
Other intangible assets	378,331	370,425	380,881
Total	<u>2,737,775</u>	<u>2,464,072</u>	<u>2,107,171</u>

Our capital expenditures were RMB2,737.8 million, RMB2,464.1 million and RMB2,107.2 million, respectively, in 2023, 2024 and 2025, primarily attributable to increase of property, plant and equipment. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and [REDACTED] from the [REDACTED]. We will continue to make capital expenditures to meet the expected growth of our business. See “Future Plans and Use of [REDACTED] — Use of [REDACTED]”.

FINANCIAL INFORMATION

CAPITAL COMMITMENTS

Our capital commitments mainly represent the amount to be investments in plant and machinery, amounting to RMB1,495.9 million, RMB1,290.6 million and RMB1,486.6 million as of December 31, 2023, 2024 and 2025, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See Note 39 to the Accountants’ Report included in Appendix I to this Document for details of our related party transactions. Our Directors are of the view that each of the related party transactions set out in Note 39 to the Accountants’ Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios for the periods indicated.

	Year Ended/As of December 31,		
	2023	2024	2025
Gross profit margin	64.2%	63.1%	60.3%
Net profit margin	33.1%	32.0%	25.4%
Gearing ratio ⁽¹⁾	30.4%	28.0%	27.4%

Notes:

(1) Gearing ratio is defined as total liabilities divided by total assets multiplied by 100%.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see “— Discussion of Results of Operations”.

FINANCIAL RISK

Our activities expose us to a variety of financial risks, primarily the foreign currency risk, credit risk and liquidity risk.

For a detailed analysis, see Note 42 to the Accountants’ Report in Appendix I to this Document.

FINANCIAL INFORMATION

DIVIDEND

During the Track Record Period, our Company declared and paid dividends of RMB10,669.5 million, RMB8,741.7 million and RMB5,613.6 million in 2023, 2024 and 2025, respectively.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax. We have adopted a dividend policy with a focus on maintaining the continued and stable development of our business. Based on our financial performance and actual operational needs, we formulate our dividend distribution plan within the scope of our cumulative distributable profits, taking into consideration reasonable returns to our [REDACTED], the expectations and preferences of our shareholders, capital expenditures, and the external financing environment.

We have adopted a formal dividend policy and a pre-determined dividend payout ratio for 2025 to 2027, pursuant to which, subject to the satisfaction of the relevant conditions for cash dividend distribution and approval by our Board and Shareholders, we intend to distribute no less than 65% of our distributable profits for each year from 2025 to 2027 in cash dividends. We may also declare interim cash dividends, taking into account our profitability and funding requirements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained profits of RMB30,142.6 million, which were available for distribution to our shareholders.

[REDACTED]

Based on the maximum [REDACTED] of HK\$[REDACTED], the total [REDACTED] (including [REDACTED]) payable by our Company are estimated to be approximately RMB[REDACTED] (HK\$[REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], assuming the [REDACTED] is not exercised. These [REDACTED] mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] (HK\$[REDACTED]) in 2025, of which [REDACTED] (HK\$[REDACTED]) was charged to profit or loss, and RMB[REDACTED] (HK\$[REDACTED]) was capitalized as deferred [REDACTED] to be deducted from equity upon [REDACTED]. We estimate that an additional [REDACTED] of RMB[REDACTED] (HK\$[REDACTED]) (including [REDACTED] of RMB[REDACTED] (HK\$[REDACTED]), assuming the [REDACTED] is not exercised and based on the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED]), will be further incurred by our Group, of which RMB[REDACTED] (HK\$[REDACTED]) is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] (HK\$[REDACTED]) is expected to be charged against equity upon the [REDACTED].

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of the Document, there has been no material adverse change in our financial or operational position or prospects since December 31, 2025, the end of the period reported on the Accountants’ Report included in Appendix I to this Document; and there has been no event since December 31, 2025 which would materially affect the information presented in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

[REDACTED]