

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at the end of each of the Relevant Periods, and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at the end of each of the Relevant Periods of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [●] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

[REDACTED]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	6	34,931,901	36,725,750	33,282,159
Cost of sales		(12,513,136)	(13,547,519)	(13,207,838)
Gross profit		22,418,765	23,178,231	20,074,321
Other income	6	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	7	(244,195)	(299,629)	(196,028)
Other losses, net	6	(444,101)	(206,805)	(494,197)
Finance income	8	821,643	557,484	479,906
Finance costs	8	(64,090)	(87,573)	(83,260)
Share of (losses)/profits of associates	7	(9,817)	(11,812)	15,538
PROFIT BEFORE TAX	7	13,010,929	13,019,696	9,673,965
Income tax expense	11	(1,432,516)	(1,279,730)	(1,222,494)
PROFIT FOR THE YEAR		11,578,413	11,739,966	8,451,471
Attributable to:				
Owners of the parent		11,582,226	11,668,487	8,135,775
Non-controlling interests		(3,813)	71,479	315,696
		11,578,413	11,739,966	8,451,471
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic (RMB)	13	9.56	9.64	6.71
Diluted (RMB)		9.56	9.63	6.71

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	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	247,400	(137,177)	310,827
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>247,400</u>	<u>(137,177)</u>	<u>310,827</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net gains/(losses) on equity investments designated at fair value through other comprehensive income	25,431	(53,270)	(32,400)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods.	<u>25,431</u>	<u>(53,270)</u>	<u>(32,400)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>272,831</u>	<u>(190,447)</u>	<u>278,427</u>
Total comprehensive income for the year, net of tax	<u>11,851,244</u>	<u>11,549,519</u>	<u>8,729,898</u>
Attributable to:			
Owners of the parent	11,853,871	11,511,354	8,390,754
Non-controlling interests	(2,627)	38,165	339,144
	<u>11,851,244</u>	<u>11,549,519</u>	<u>8,729,898</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	8,025,745	9,814,007	10,921,034
Investment properties	15	41,486	32,373	31,872
Right-of-use assets	16	878,765	1,258,426	1,277,071
Goodwill	17	5,061,691	11,093,184	11,404,095
Other intangible assets	18	1,958,918	6,091,199	5,719,122
Investments in associates	19	66,563	197,202	179,691
Trade and bills receivables	20	10,942	22,864	17,468
Deferred tax assets	30	1,312,871	1,697,418	1,566,748
Prepayments, other receivables and other assets	22	687,207	592,081	544,771
Financial assets at fair value through other comprehensive income (“FVOCI”)	24	142,824	198,169	194,744
Financial assets at fair value through profit or loss (“FVTPL”)	23	1,270,537	–	–
Term deposits	25	1,607,224	–	–
Total non-current assets		<u>21,064,773</u>	<u>30,996,923</u>	<u>31,856,616</u>
CURRENT ASSETS				
Inventories	21	3,978,632	4,757,425	5,003,717
Trade and bills receivables	20	3,296,830	3,225,616	3,410,083
Prepayments, other receivables and other assets	22	812,588	1,019,515	1,055,493
Financial assets at FVTPL	23	–	–	250,486
Term deposits	25	8,858	1,664,629	5,349
Restricted cash	25	109,903	71,711	60,119
Cash and cash equivalents	25	18,668,419	14,907,726	17,624,904
Total current assets		<u>26,875,230</u>	<u>25,646,622</u>	<u>27,410,151</u>
CURRENT LIABILITIES				
Trade payables	26	2,690,407	2,792,515	3,242,266
Contract liabilities	27	1,973,362	2,165,767	3,000,601
Other payables and accruals	29	4,854,757	5,142,588	5,019,096
Lease liabilities	16	104,302	114,270	123,194
Income tax payable		471,647	205,430	213,663
Bank borrowings		8,175	6,559	785
Total current liabilities		<u>10,102,650</u>	<u>10,427,129</u>	<u>11,599,605</u>
NET CURRENT ASSETS		<u>16,772,580</u>	<u>15,219,493</u>	<u>15,810,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,837,353</u>	<u>46,216,416</u>	<u>47,667,162</u>
NON-CURRENT LIABILITIES				
Lease liabilities	16	181,073	177,312	221,242
Bank borrowings		1,381	345	4,063
Deferred income	28	109,313	127,000	181,756
Other payables and accruals	29	3,850,328	4,189,236	3,239,419
Deferred tax liabilities	30	168,363	808,697	712,618
Contract liabilities	27	180,856	155,649	296,744
Total non-current liabilities		<u>4,491,314</u>	<u>5,458,239</u>	<u>4,655,842</u>
Net assets		<u>33,346,039</u>	<u>40,758,177</u>	<u>43,011,320</u>

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	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	1,212,441	1,212,441	1,212,441
Treasury shares	31	(663,277)	(337,765)	(210,569)
Reserves	32	32,536,225	34,981,682	37,091,458
		33,085,389	35,856,358	38,093,330
Non-controlling interests		260,650	4,901,819	4,917,990
Total equity		<u>33,346,039</u>	<u>40,758,177</u>	<u>43,011,320</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent										Total equity RMB'000	
	Share capital RMB'000 (note 31)	Treasury shares RMB'000 (note 31)	Share premium* RMB'000 (note 32)	Exchange fluctuation reserve* RMB'000 (note 32)	Equity-settled share-based payment reserve* RMB'000 (note 32)	Fair value reserve* RMB'000 (note 32)	Merger reserve* RMB'000 (note 32)	Other reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Retained profits* RMB'000		Total RMB'000
At 1 January 2023	1,212,441	(999,991)	4,978,839	(109,070)	483,314	-	2,392,440	(345,705)	607,846	23,760,711	31,980,825	18,287
Profit for the year	-	-	-	-	-	-	-	-	-	11,582,226	11,582,226	(3,813)
Other comprehensive income for the year:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	25,431	-	-	-	-	25,431	-
Exchange differences on translation of foreign operations	-	-	-	246,214	-	-	-	-	-	-	246,214	1,186
Total comprehensive income for the year	-	-	-	246,214	-	25,431	-	-	-	11,582,226	11,853,871	(2,627)
Vesting of shares under employee stock ownership plan	-	336,714	(18,548)	-	(252,712)	-	-	-	-	-	65,454	-
Recognition of equity-settled share-based payments	-	-	-	-	246,809	-	-	-	-	-	246,809	-
Put options held by non-controlling interests	-	-	(394,434)	-	-	-	-	-	-	-	(394,434)	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	185,751

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	Attributable to owners of the parent												
	Share capital	Treasury shares	Share premium*	Exchange fluctuation reserve*	Equity-settled share-based payment reserve*	Fair value reserve*	Merger reserve*	Other reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associate's share premium and other reserves	-	-	-	-	-	-	-	-	-	-	10,274	-	10,274
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	78,748	78,748
Purchase of interests of non-controlling shareholders	-	-	-	-	-	-	-	(8,484)	-	-	(8,484)	(19,509)	(27,993)
Dividend declared to shareholders	-	-	-	-	-	-	-	-	-	(10,667,910)	(10,667,910)	-	(10,667,910)
Others**	-	-	-	-	-	(5,306)	-	(1,016)	-	5,306	(1,016)	-	(1,016)
At 31 December 2023	1,212,441	(663,277)	4,565,857	137,144	477,411	20,125	2,392,440	(344,931)	607,846	24,680,333	33,085,389	260,650	33,346,039
At 1 January 2024	1,212,441	(663,277)	4,565,857	137,144	477,411	20,125	2,392,440	(344,931)	607,846	24,680,333	33,085,389	260,650	33,346,039
Profit for the year	-	-	-	-	-	-	-	-	-	11,668,487	11,668,487	71,479	11,739,966
Other comprehensive loss for the year:													
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(35,725)	-	-	-	-	(35,725)	(17,545)	(53,270)
Exchange differences on translation of foreign operations	-	-	-	(121,408)	-	-	-	-	-	-	(121,408)	(15,769)	(137,177)

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	Attributable to owners of the parent												
	Share capital	Treasury shares	Share premium*	Exchange fluctuation reserve*	Equity-settled share-based payment reserve*	Fair value reserve*	Merger reserve*	Other reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling Interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the year	-	-	-	(121,408)	-	(35,725)	-	-	-	11,668,487	11,511,354	38,165	11,549,519
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,631,457	4,631,457
Recognition of equity-settled share-based payments	-	-	-	-	(104,135)	-	-	-	-	-	(104,135)	2,572	(101,563)
Vesting of shares under employee stock ownership plan	-	285,666	(17,520)	-	(238,726)	-	-	-	-	-	29,420	-	29,420
Disposal of unvested treasury shares under employee stock ownership plan	-	39,846	(2,217)	-	-	-	-	-	-	-	37,629	-	37,629
Share of the associate's share premium and other reserves	-	-	-	-	-	-	-	10,840	-	-	10,840	3,999	14,839
Capital contribution from non-controlling shareholders	-	-	10,233	-	-	-	-	-	-	-	10,233	68,300	78,533
Dividend declared to shareholders	-	-	-	-	-	-	-	-	(8,726,791)	(8,726,791)	(8,726,791)	(100,905)	(8,827,696)
Others**	-	-	2,419	-	-	1,370	-	-	(1,370)	2,419	2,419	(2,419)	-
At 31 December 2024	1,212,441	(337,765)	4,558,772	15,736	134,550	(14,230)	2,392,440	(334,091)	607,846	27,620,659	35,856,358	4,901,819	40,758,177

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	Attributable to owners of the parent												
	Share capital	Treasury shares	Share premium*	Exchange fluctuation reserve*	Equity-settled share-based payment reserve*	Fair value reserve*	Merger reserve*	Other reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	1,212,441	(337,765)	4,558,772	15,736	134,550	(14,230)	2,392,440	(334,091)	607,846	27,620,659	35,856,358	4,901,819	40,758,177
Profit for the year	-	-	-	-	-	-	-	-	-	8,135,775	8,135,775	315,696	8,451,471
Other comprehensive income/(loss) for the year:													
Change in fair value of equity investments at fair value through other comprehensive income/ (loss), net of tax	-	-	-	-	-	(33,214)	-	-	-	-	(33,214)	814	(32,400)
Exchange differences on translation of foreign operations	-	-	-	288,193	-	-	-	-	-	-	288,193	22,634	310,827
Total comprehensive income/(loss) for the year	-	-	-	288,193	-	(33,214)	-	-	-	8,135,775	8,390,754	339,144	8,729,898
Disposal of investments in associates, net of tax	-	-	-	-	-	-	-	(22,459)	-	-	(22,459)	-	(22,459)
Recognition of equity-settled share-based payments	-	-	-	-	1,205	-	-	-	-	-	1,205	3,564	4,769
Disposal of unvested treasury shares under employee stock ownership plan	-	127,196	(24,718)	-	-	-	-	-	-	-	102,478	-	102,478
Share of the associate's share premium and other reserves	-	-	-	-	-	-	-	409	-	-	409	1,129	1,538

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	Attributable to owners of the parent												
	Share capital	Treasury shares	Share premium*	Exchange fluctuation reserve*	Equity-settled share-based payment reserve*	Fair value reserve*	Merger reserve*	Other reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital contribution from non-controlling shareholders	-	-	1,881	-	-	-	-	-	-	-	1,881	34,055	35,936
Purchase of interests of non-controlling shareholders	-	-	-	-	-	-	-	(610,452)	-	-	(610,452)	(131,797)	(742,249)
Dividend declared to shareholders	-	-	-	-	-	-	-	-	-	(5,610,080)	(5,610,080)	(146,747)	(5,756,827)
Others**	-	-	(16,764)	-	-	3,781	-	-	-	(3,781)	(16,764)	(83,177)	(99,941)
At 31 December 2025	1,212,441	(210,569)	4,519,171	303,929	135,755	(43,663)	2,392,440	(966,593)	607,846	30,142,573	38,093,330	4,917,990	43,011,320

* These reserve amounts comprise the combined reserves of RMB32,536,225,000, RMB34,981,682,000, and RMB37,091,458,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

** Other changes in other reserve represent the impact of deferred tax arising from equity-settled share-based payments. Other changes in fair value reserve and retained profits represent internal transfers from the disposal of equity investments designated at FVOCI. Other changes in share premium and non-controlling interests represent the changes in the Group's share of net assets of non-wholly-owned subsidiaries.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		13,010,929	13,019,696	9,673,965
Adjustments for:				
Finance costs	8	64,090	87,573	83,260
Share of losses/(profits) of associates	7	9,817	11,812	(15,538)
Finance income	8	(821,643)	(557,484)	(479,906)
Fair value gains on financial assets at				
FVTPL	7	(79,402)	(126,028)	(486)
Dividends income from financial assets at				
FVOCI	7	(329)	(263)	(184)
Gains on disposal of financial assets at				
FVTPL	7	–	(81,513)	(7,396)
Gains on disposal of investment in an				
associate	7	–	–	(91,820)
Losses on disposal of items of property,				
plant and equipment	7	6,109	9,245	3,840
Gains on disposal of right-of-use assets and				
other intangible assets	7	(8,574)	(13,489)	(14,556)
Impairment of inventories	7	254,582	219,389	319,367
Impairment of property, plant and				
equipment	7	1,586	1,753	16,475
Depreciation of property, plant and				
equipment	7	539,333	658,459	747,923
Depreciation of investment properties	7	1,885	1,885	1,737
Depreciation of right-of-use assets	7	129,820	151,966	172,727
Amortisation of other intangible assets	7	368,135	690,634	824,707
Impairment of financial assets, net	7	244,195	299,629	196,028
Impairment of other intangible assets	7	273,337	–	–
Impairment of investment in an associate	7	–	16,700	–
Foreign exchange (gains)/losses, net		(78,435)	61,660	67,632
Equity-settled share-based payment				
expenses		230,433	(94,400)	4,769
		14,145,868	14,357,224	11,502,544
Increase in inventories		(201,432)	(782,047)	(639,085)
Increase in trade and bills receivables		(712,666)	(198,282)	(375,479)
Increase in prepayments, other receivables				
and other assets		(95,154)	(151,867)	(2,504)
Increase in trade payables		333,099	47,791	462,431
Increase/(decrease) in other payables and				
accruals		683,379	465,573	(1,123,169)
Increase in deferred income		16,370	17,687	54,756
(Decrease)/increase in contract liabilities		(2,153,053)	118,132	975,929
Decrease in restricted cash		92,517	38,192	30,871
Cash generated from operations		12,108,928	13,912,403	10,886,294
Interest received		617,607	508,181	464,237
Income taxes paid		(1,664,510)	(1,988,543)	(1,205,566)
Net cash flows from operating activities		11,062,025	12,432,041	10,144,965

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	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Dividends received from financial assets at FVOCI	329	263	184
Purchases of items of property, plant and equipment	(2,266,330)	(1,572,461)	(1,656,143)
Proceeds from disposal of items of property, plant and equipment	11,658	25,191	31,407
Purchases of other intangible assets	(357,139)	(377,588)	(380,881)
Proceeds from disposal of other intangible assets	7	5,545	112
Proceeds from disposal of investment in an associate.	–	–	49,600
Purchases of financial assets at FVTPL	(1,191,135)	(1,058,029)	(2,733,500)
Purchases of financial assets at FVOCI	(120,451)	(1,063)	(5,000)
Proceeds from disposal of financial assets at FVTPL	–	1,313,009	2,491,050
Proceeds from disposal of financial assets at FVOCI	–	16,000	31,929

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	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proceeds from disposal of investment properties	10,000	–	–
Proceeds from disposal of leasehold land	–	–	6,898
Acquisition of subsidiaries	(870,822)	(5,773,292)	–
Acquisition of associates	–	(53,209)	–
Purchase of leasehold land	(65,199)	(9,399)	(720)
Placement of certificates of deposits	(2,615,000)	(39,712)	–
Cash paid for letter of guarantee of construction	–	–	(18,287)
Maturity of certificates of deposits	<u>6,771,151</u>	<u>141,535</u>	<u>1,673,957</u>
Net cash flows used in investing activities	<u>(692,931)</u>	<u>(7,383,210)</u>	<u>(509,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(133)	(799)	(1,011)
Capital injections from non-controlling shareholders of subsidiaries	78,748	78,533	35,936
Repayment of lease deposits	369	418	1,462
Payment for lease deposits	(4,723)	(1,691)	(2,924)
Repayment of bank borrowings	(18,766)	(5,500)	(7,267)
Dividends paid	(10,669,484)	(8,842,608)	(5,742,037)
Repayment of lease liabilities	(123,697)	(152,396)	(154,440)
Acquisition of non-controlling interests	(31,925)	–	(790,571)

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	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
New bank borrowings		–	2,643	4,710
Payment for repurchase of shares under employee stock ownership plan of the Company		(6,075)	(5,400)	(48,989)
Payment for repurchase of shares under future employee stock ownership plan of the subsidiary		–	–	(99,941)
Proceeds from disposal of unvested treasury shares under employee stock ownership plan		–	37,629	78,720
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]
New borrowings from third parties		–	12,500	15,000
Repayment of borrowings from third parties		–	(5,042)	(373)
Net cash flows used in financing activities		(10,775,686)	(8,881,713)	(6,723,682)
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		101,367	72,189	(194,711)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	18,668,419	14,907,726	17,624,904

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	4,169,790	4,497,795	4,846,830
Investment properties	15	41,486	32,373	30,698
Right-of-use assets	16	335,800	327,427	312,788
Other intangible assets	18	688,774	897,101	1,203,482
Investments in subsidiaries	19	12,578,704	19,103,598	20,962,508
Investment in an associate	19	26,054	27,530	33,842
Trade and bills receivables	20	3,271	1,266	824
Deferred tax assets	30	632,269	709,801	696,451
Prepayments, other receivables and other assets	22	308,146	185,290	198,229
Term deposits	25	772,488	–	–
Total non-current assets		<u>19,556,782</u>	<u>25,782,181</u>	<u>28,285,652</u>
CURRENT ASSETS				
Amounts due from subsidiaries	39(c)	6,384,123	7,172,733	4,968,481
Inventories	21	2,298,510	2,395,141	2,366,356
Trade and bills receivables	20	1,185,557	597,453	537,191
Prepayments, other receivables and other assets	22	256,306	302,055	336,045
Term deposits	25	–	906,047	–
Restricted cash	25	31,891	26,532	4,240
Cash and cash equivalents	25	13,299,357	8,013,893	12,195,418
Total current assets		<u>23,455,744</u>	<u>19,413,854</u>	<u>20,407,731</u>
CURRENT LIABILITIES				
Amounts due to subsidiaries	39(c)	2,297,618	2,734,097	1,822,838
Trade payables	26	1,888,747	1,689,514	2,104,598
Contract liabilities	27	1,147,314	1,321,048	1,992,113
Other payables and accruals	29	2,486,691	2,352,502	2,492,736
Lease liabilities		5,989	6,622	2,718
Income tax payable		258,885	15,833	–
Total current liabilities		<u>8,085,244</u>	<u>8,119,616</u>	<u>8,415,003</u>
NET CURRENT ASSETS		<u>15,370,500</u>	<u>11,294,238</u>	<u>11,992,728</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,927,282</u>	<u>37,076,419</u>	<u>40,278,380</u>
NON-CURRENT LIABILITIES				
Lease liabilities		2,701	4,032	2,778
Deferred income	28	105,131	104,488	121,395
Other payables and accruals	29	2,529,403	2,573,831	1,735,507
Contract liabilities	27	116,995	89,506	194,952
Total non-current liabilities		<u>2,754,230</u>	<u>2,771,857</u>	<u>2,054,632</u>
Net assets		<u>32,173,052</u>	<u>34,304,562</u>	<u>38,223,748</u>
EQUITY				
Share capital	31	1,212,441	1,212,441	1,212,441
Treasury shares	31	(663,277)	(337,765)	(210,569)
Reserves	32	31,623,888	33,429,886	37,221,876
Total equity		<u>32,173,052</u>	<u>34,304,562</u>	<u>38,223,748</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (the “Company”) is a joint stock company with limited liability established in Shenzhen, Guangdong, People’s Republic of China (the “PRC”) on 25 January 1999, and was listed on the Shenzhen Stock Exchange (stock code: 300760) on 16 October 2018. The registered office address of the Company is Mindray Building, No. 12 Technology South Road, High-tech Industrial Park, Shenzhen, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were principally engaged in the research and development, manufacturing and marketing of medical devices and after-sales services.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, the particulars of principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued and paid-up/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Mindray Scientific Co., Ltd. 深圳邁瑞科技有限公司 (note (a)) (note (h))	Chinese Mainland 31 May 2004	RMB1,200,000,000	–	100.00%	Production and sales of medical devices, and research and development of related products
Shenzhen Mindray Software Technology Co., Ltd. 深圳邁瑞軟件技術有限公司 (note (b))	Chinese Mainland 28 September 2011	RMB40,000,000	95.00%	5.00%	Development and sales of application software
Wuhan Mindray Scientific Co., Ltd. 武漢邁瑞科技有限公司 (note (c))	Chinese Mainland 10 June 2005	RMB2,300,000,000	64.60%	35.40%	Production and sales of medical devices, and research and development of related products
Nanjing Mindray Bio-Medical Electronics Co., Ltd. 南京邁瑞生物醫療電子有限公司 (note (d)) (note (h))	Chinese Mainland 9 February 2007	USD15,000,000	75.00%	25.00%	Production and sales of medical devices, research and development of related products, and investment management
Shenzhen Mindray Scientific Holdings Co., Ltd. 深圳邁瑞科技控股有限責任公司 (note (a)) (note (h))	Chinese Mainland 26 January 2011	RMB1,475,000,000	100.00%	–	Investment management
Mindray Medical Netherlands B.V. (note (e)) (note (h))	Netherlands 8 August 2007	EUR 36,000	–	100.00%	Sales and marketing of medical devices and investment management
Mindray DS USA, Inc. (note (f))	United States 25 March 2008	USD10	–	100.00%	Sales and marketing of medical devices and research and development of related products
MR Global (HK) Limited (note (g)) (note (h))	Hong Kong 6 January 2016	USD1,085,584,350	100.00%	–	Sales and marketing of medical devices and investment management

Notes:

- a. The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Shenzhen Hengrui Certified Public Accountants (General Partnership) (深圳恆瑞會計師事務所(普通合夥)), certified public accountants registered in the PRC.

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- b. The statutory financial statements of this entity for the year ended 31 December 2023 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Shenzhen Jisiguangyi Certified Public Accountants (General Partnership) (深圳集思廣益會計師事務所(普通合夥)), certified public accountants registered in the PRC. The statutory financial statements of this entity for the year ended 31 December 2024 and 2025 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Shenzhen Hengrui Certified Public Accountants (General Partnership) (深圳恆瑞會計師事務所(普通合夥)), certified public accountants registered in the PRC.
- c. The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Hubei Huayu Certified Public Accountants Co., Ltd. (湖北華宇會計師事務所有限公司), certified public accountants registered in the PRC. The statutory financial statements of this entity for the year ended 31 December 2025 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Ernst & Young Hua Ming LLP Shenzhen Branch (安永華明會計師事務所(特殊普通合夥)深圳分所), certified public accountants registered in the PRC. Wuhan Mindray Bio-Medical Scientific Co., Ltd. (武漢邁瑞生物醫療科技有限公司), which was a principal subsidiary for the financial years ended 31 December 2023 and 2024, had been deregistered and merged with Wuhan Mindray Scientific Co., Ltd. in 2025.
- d. The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standard of Business Enterprise were audited by Nanjing Zhonghantonghua Certified Public Accountants Co., Ltd. (南京中瀚通華會計師事務所有限公司), certified public accountants registered in the PRC.
- e. The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with Dutch Accounting Standards were audited by PricewaterhouseCoopers Accountants N.V., certified public accountants registered in Netherlands.
- f. As at the date of this report, no audited financial statements have been prepared for this entity for the years ended 31 December 2023, 2024 and 2025 as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.
- g. The statutory financial statements of this entity for the year ended 31 December 2023 and 2024 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young, certified public accountants registered in Hong Kong.
- h. The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as of the date of this report.
- * The English names of these companies registered in PRC represent the best effort made by the directors of the Company (the “Directors”) to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the reporting periods or formed a substantial portion of the net assets of the Group.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the reporting periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments such as wealth management products and equity investments which have been measured at fair value at the end of each of the reporting periods.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the reporting periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency³</i>

- 1 No mandatory effective date yet determined but available for adoption
- 2 Effective for annual periods beginning on or after 1 January 2026
- 3 Effective for annual/reporting periods beginning on or after 1 January 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but is expected to have impact on the presentation and disclosure of the Group’s financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of the new and amended IFRS Accounting Standards will have no material impact on the Group’s financial performance and financial position in the foreseeable future.

3. MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations include combinations under common control and acquisitions of businesses.

The Historical Financial Information incorporates the financial statements of the combining businesses in which the common control combination occurs as if they had been consolidated from the date the combining businesses first came under the control of the controlling party. The net assets of the combining businesses are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period. The comparative amounts in the Historical Financial Information are presented as if the businesses had been consolidated at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Except for business combinations under common control, business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment testing of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its wealth management products and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. An impairment loss is charged to profit or loss in the period.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

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- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives, residual value rates and annual rates used for this purpose are as follows:

	Estimated useful lives	Residual value rates	Annual rates
Freehold land	Not depreciated		
Buildings	20 to 50 years	0.00% to 10.00%	1.80% to 5.00%
Machinery	3 to 10 years	0.00% to 10.00%	9.00% to 33.30%
Motor vehicles	3 to 5 years	0.00% to 10.00%	18.00% to 33.30%
Electronic and other equipment	2 to 10 years	0.00% to 5.00%	9.50% to 50.00%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives	0.00%	Shorter of remaining lease terms and estimated useful lives

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. Such properties are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of investment properties comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after investment properties have been put into operation is normally charged to profit or loss in the period in which it is incurred. In situations where the economic benefits associated with the expenditure will flow to the Group, the expenditure is capitalised in the carrying amount of the asset.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The principal estimated useful lives, residual value rates and annual rates used for this purpose are as follows:

	Estimated useful lives	Residual value rates	Annual rates
Leasehold land	81 to 391 months	0.00%	3.10% to 14.80%
Buildings	80 to 391 months	10.00%	2.80% to 13.50%

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its carrying value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and the deemed cost of a property for subsequent accounting is its carrying value at the date of change in use.

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Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are tested for impairment annually or more frequently if indicators of impairment exist. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring the specific software into use. These software licences are stated at cost less any impairment losses and are amortised over their estimated useful lives of 3 to 5 years.

Patents and technical know-how

Patents and technical know-how are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 1 to 20 years. The estimated useful life of 1-20 years for patents and technical know-how are estimated based on the duration of the patents and technical know-how, as well as the useful lives of similar assets in the marketplace.

Trademarks

Trademarks with finite useful lives are measured initially stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of 5 to 20 years. The estimated useful life of 5-20 years for trademarks is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Customer relationship

Customer relationship is stated at cost less any impairment losses and is amortised on the straight-line basis over the respective estimated useful lives of 3 to 13 years. The estimated useful life of 3-13 years for customer relationship is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Research and development costs

All research costs are charged to profit or loss as incurred.

Development expenditure is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

When the development is complete and ready for use, capitalised development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

Payments associated with short-term leases and all leases of low-value assets are recognised as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are generally recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

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Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

ii. Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

iii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes wealth management products and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

i. General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

ii. Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as bank borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of bank borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the reporting periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sales of certain products and the provision of installation services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. The warranty-related cost is reviewed annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each of the reporting periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences for each of the reporting periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each of the reporting periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sales of medical devices

Revenue from the sales of medical devices is recognised at the point in time when the Group has fulfilled the performance obligations in the contract (including delivery of products to buyers, completion of the installation of relevant products and receipt of verification confirmation or completion of customs clearance and receipt of the bill of lading), that is, when the customer obtains control over relevant goods.

For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method.

The Group offers sales discounts to customers based on the sales amount. The discount amount is determined using the expected value method, based on historical experience. Revenue is recognised at the net amount after deducting the estimated discount from the contract consideration. A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(b) Rendering of services

Revenue is generally recognised on a straight-line basis over the period of rendering services in accordance with the period of service prescribed in the contract. Revenue from the rendering of services by the Group mainly represents revenue from extended warranties and other services.

(c) Sales of medical devices with warranty clauses

Some contracts include a warranty that assures the customer that the product will function as intended. The group shall account for a warranty as a performance obligation if, at the customer’s option, the warranty provides a service in addition to the assurance that the product complies with agreed-upon specifications. Otherwise, the Group recognises warranty as a provision if it is not an individual performance obligation.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Share-based payments

The Group operates employee stock ownership plan. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share award refers to the fair value of the underlying ordinary shares of the Company on the respective dates of grant. Further details are included in note 33 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the reporting periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Retirement benefits

The full-time employees of the Group in the PRC are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees’ salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

Accommodation benefits

According to the relevant PRC rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administered by government agencies are charged to profit or loss as and when they are incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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Foreign currencies

These financial statements are presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the reporting periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the reporting periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development costs

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project, and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls APT Medical Inc. even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of APT Medical Inc., and another shareholder, Mr. Cheng Zhenghui, voluntarily, permanently and irrevocably gave up 10% of the voting rights he held, and further committed that he had no

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intention to regain the controlling right of APT Medical Inc. In addition, the Group owns the right of first refusal on any future equity transfer of APT Medical Inc. from Mr. Cheng Zhenghui. The remaining equity shares in APT Medical Inc. are widely held by many other shareholders. Therefore, the Group considers that it controls APT Medical Inc.

Timing of revenue recognition

When the Group sells medical devices to customers, the medical devices shall be delivered to the predetermined location in accordance with the contract, and the customers shall sign the receipt note after acceptance, or, the customers pick up the goods and sign the receipt at the designated location. For the products that need installation, the customer shall confirm the acceptance by signing the installation acceptance note after the installation is completed. For export sales, the bill of lading shall be obtained after the declaration procedures are completed and the medical devices have departed from the port. Upon completion of the aforementioned procedures, the customers have the right to sell and price the medical devices, and bear the risk of price fluctuation or physical damage of the product.

The Group is of the view that the customer has obtained control of the product after signing the receipt note, signing the installation acceptance note or obtaining the bill of lading from the carrier. The Group recognises the sales revenue of the product at the point in time when control transfers under the above circumstances.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the reporting periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and bills receivables is disclosed in note 20.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at the end of each of the Relevant Periods were RMB5,061,691,000, RMB11,093,184,000 and RMB11,404,095,000, respectively. Further details are given in note 17.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has carried forward tax losses of RMB1,827,459,000, RMB1,854,205,000 and RMB1,858,462,000 that had not been recognised in deferred tax assets at the end of each of the Relevant Periods. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the research and development, manufacture and sales of medical devices. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Information about a major customer

No sales to a single external customer accounted for 10% or more of the Group’s revenue during the Relevant Periods.

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Geographical information

Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	21,382,036	20,292,137	15,631,784
Asia-Pacific	2,637,845	3,659,476	3,617,719
North America	2,603,033	2,636,480	2,702,022
Latin America	2,422,208	2,804,226	2,982,041
Europe	2,190,510	2,887,302	3,374,145
Others	3,696,269	4,446,129	4,974,448
Total	<u>34,931,901</u>	<u>36,725,750</u>	<u>33,282,159</u>

Non-current assets

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	10,157,396	22,695,983	23,205,756
Overseas	6,438,290	6,262,326	6,760,399
Total	<u>16,595,686</u>	<u>28,958,309</u>	<u>29,966,155</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

6. REVENUE, OTHER INCOME AND LOSSES

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Product line			
<i>In vitro</i> diagnostic products	12,248,803	13,512,829	12,240,657
Patient monitoring and life support products	14,262,780	12,265,015	9,836,724
Medical imaging system products	6,590,729	6,973,005	5,716,706
Emerging business	1,772,977	3,873,223	5,377,960
Others	56,612	101,678	110,112
Total	<u>34,931,901</u>	<u>36,725,750</u>	<u>33,282,159</u>
Timing of revenue recognition			
Recognised at a point in time	34,467,621	36,097,462	32,645,767
Recognised over time	464,280	628,288	636,392
Total	<u>34,931,901</u>	<u>36,725,750</u>	<u>33,282,159</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:			
Receipts in advance	3,508,837	1,299,640	1,192,606
Deferred revenue	506,688	456,458	825,099
Total	<u>4,015,525</u>	<u>1,756,098</u>	<u>2,017,705</u>

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(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon customer acceptance of the products and payment is generally within 90 days from the invoice date.

Rendering of services

The performance obligation is satisfied over time as services are rendered, and payment is generally prepaid by customers before the beginning of the service.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for each of the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	1,973,362	2,165,767	3,000,601
After one year	180,856	155,649	296,744
Total	<u>2,154,218</u>	<u>2,321,416</u>	<u>3,297,345</u>

Other income and losses

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	831,233	821,672	529,135
Dividends income from financial assets at FVOCI	329	263	184
Others	55,951	35,420	32,654
Subtotal	<u>887,513</u>	<u>857,355</u>	<u>561,973</u>
Other losses, net			
Foreign exchange gains/(losses), net	119,167	(51,284)	(113,431)
Fair value gains on financial assets at FVTPL	79,402	126,028	486
Gains on disposal of financial assets at FVTPL	–	81,513	7,396
Gains on disposal of investment in an associate	–	–	91,820
Losses on disposal of items of property, plant and equipment	(6,109)	(9,245)	(3,840)
Gains on disposal of right-of-use assets and other intangible assets	8,574	13,489	14,556
Impairment of investment in an associate	–	(16,700)	–
Impairment of inventories	(254,582)	(219,389)	(319,367)
Impairment of property, plant and equipment	(1,586)	(1,753)	(16,475)
Impairment of other intangible assets	(273,337)	–	–
Donations	(89,737)	(98,816)	(132,090)
Others	(25,893)	(30,648)	(23,252)
Subtotal	<u>(444,101)</u>	<u>(206,805)</u>	<u>(494,197)</u>
Total	<u>443,412</u>	<u>650,550</u>	<u>67,776</u>

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

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7. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold and services provided*		12,513,136	13,547,519	13,207,838
Employee benefit expenses (excluding directors’, supervisors’ and chief executive’s remuneration (note 9))				
– Salaries, bonuses, allowances and benefits in kind		6,878,995	7,400,404	6,695,984
– Pension scheme contributions		308,359	385,497	449,494
– Other employee benefits		883,702	968,814	1,012,804
– Equity-settled share-based payment expenses		246,809	(101,563)	4,769
– Including: Amount capitalised		296,697	262,904	286,032
Research and development costs*:				
– Current year expenditure		3,779,011	4,008,274	3,928,861
– Including: Capitalised development costs		346,352	342,413	350,169
Depreciation of property, plant and equipment		539,333	658,459	747,923
Depreciation of right-of-use assets	16(a)	129,820	151,966	172,727
Amortisation of other intangible assets	18	368,135	690,634	824,707
Depreciation of investment properties	15	1,885	1,885	1,737
Expense relating to short-term leases and leases of low-value assets	16(c)	79,179	81,106	83,641
Foreign exchange (gains)/losses, net	6	(119,167)	51,284	113,431
Fair value gains on financial assets at FVTPL	6	(79,402)	(126,028)	(486)
Gains on disposal of financial assets at FVTPL	6	–	(81,513)	(7,396)
Gains on disposal of investment in an associate	6	–	–	(91,820)
Losses on disposal of items of property, plant and equipment, net	6	6,109	9,245	3,840
Gains on disposal of right-of-use assets and other intangible assets	6	(8,574)	(13,489)	(14,556)
Impairment of investment in an associate	6	–	16,700	–
Impairment of inventories	6	254,582	219,389	319,367
Impairment of property, plant and equipment	6	1,586	1,753	16,475
Impairment of other intangible assets	6	273,337	–	–
Impairment of financial assets, net		244,195	299,629	196,028
Share of losses/(profits) of associates		9,817	11,812	(15,538)
Finance income	8	(821,643)	(557,484)	(479,906)
Government grants**	6	(831,233)	(821,672)	(529,135)
Dividends income from financial assets at FVOCI	6	(329)	(263)	(184)
Donations	6	89,737	98,816	132,090
Auditor’s remuneration		6,000	5,380	5,380

* The cost of inventories sold and services provided and research and development costs include depreciation expenses, amortisation expenses and employee benefit expenses which are also included in the items disclosed above.

** Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

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8. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income:			
Interest income on deposits in financial institutions	821,643	557,484	479,906
Finance costs:			
Imputed interest expenses on non-current salaries, wages and benefits payables	(51,093)	(68,159)	(59,235)
Interest expenses on lease liabilities	(12,829)	(18,560)	(22,638)
Interest expenses on bank and other borrowings	(168)	(854)	(1,387)
Subtotal	(64,090)	(87,573)	(83,260)
Finance income, net	757,553	469,911	396,646

9. DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’, supervisors’ and chief executive’s remuneration during the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fee	2,000	2,400	2,400
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	74,797	70,901	49,665
Pension scheme contributions	124	98	94
Subtotal	74,921	70,999	49,759
Total	76,921	73,399	52,159

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Xi Hao (i)	167	–	–
Dr. Wu Qiyao (i)	167	–	–
Dr. Yao Hui (i)	167	–	–
Mr. Liang Huming (ii)	400	400	400
Dr. Zhou Xianyi (iii)	233	400	400
Mr. Hu Shanrong (iii)	233	400	400
Dr. Gao Shengping (iii)	233	400	400
Dr. Xu Jing (iii)	233	400	400
Ms. Kong Yu (iv)	167	400	400
Total	2,000	2,400	2,400

- (i) Mr. Xi Hao, Dr. Wu Qiyao, and Dr. Yao Hui were appointed as the independent non-executive directors of the Company since January 2017, and resigned as the independent non-executive directors of the Company with effect from May 2023.
- (ii) Mr. Liang Huming was appointed as the independent non-executive director of the Company with effect from May 2021.
- (iii) Dr. Zhou Xianyi, Mr. Hu Shanrong, Dr. Gao Shengping, and Dr. Xu Jing were appointed as the independent non-executive directors of the Company with effect from May 2023.
- (iv) Ms. Kong Yu was appointed as the independent non-executive director of the Company with effect from July 2023.

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(b) Directors, supervisors and the chief executive

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2023				
Director and the chairman of the Board:				
Mr. Li Xiting (i)	–	26,629	–	26,629
Directors:				
Mr. Xu Hang (ii)	–	–	–	–
Mr. Cheng Minghe (iii)	–	5,028	16	5,044
Mr. Wu Hao (iv)	–	22,577	46	22,623
Ms. Guo Yanmei (v)	–	13,320	–	13,320
Subtotal	–	40,925	62	40,987
Supervisors:				
Mr. Tang Zhi (vi)	–	2,512	16	2,528
Mr. Ji Qiang (vii)	–	3,341	46	3,387
Ms. Jiang Min (viii)	–	1,390	–	1,390
Subtotal	–	7,243	62	7,305
Total	–	74,797	124	74,921

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2024				
Director and the chairman of the Board:				
Mr. Li Xiting (i)	–	24,939	–	24,939
Directors:				
Mr. Xu Hang (ii)	–	–	–	–
Mr. Cheng Minghe (iii)	–	4,982	16	4,998
Mr. Wu Hao (iv)	–	21,058	62	21,120
Ms. Guo Yanmei (v)	–	12,447	–	12,447
Subtotal	–	38,487	78	38,565
Supervisors:				
Mr. Tang Zhi (vi)	–	2,864	16	2,880
Mr. Ji Qiang (vii)	–	3,150	4	3,154
Ms. Jiang Min (viii)	–	1,461	–	1,461
Subtotal	–	7,475	20	7,495
Total	–	70,901	98	70,999

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2025				
Director and the chairman of the Board:				
Mr. Li Xiting (i)	–	18,807	–	18,807
Directors:				
Mr. Xu Hang (ii)	–	–	–	–
Mr. Cheng Minghe (iii)	–	2,302	14	2,316
Mr. Wu Hao (iv)	–	15,843	73	15,916
Ms. Guo Yanmei (v)	–	11,355	–	11,355
Subtotal	–	29,500	87	29,587
Supervisors*:				
Mr. Tang Zhi (vi)	–	602	7	609
Mr. Ji Qiang (vii)	–	447	–	447
Ms. Jiang Min (viii)	–	309	–	309
Subtotal	–	1,358	7	1,365
Total	–	49,665	94	49,759

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There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

- (i) Mr. Li Xiting was appointed as the director of the Company with effect from January 1999.
 - (ii) Mr. Xu Hang was appointed as the director of the Company with effect from January 1999.
 - (iii) Mr. Cheng Minghe was appointed as the director of the Company with effect from January 2008.
 - (iv) Mr. Wu Hao was appointed as the director of the Company with effect from January 2017.
 - (v) Ms. Guo Yanmei was appointed as the director of the Company with effect from January 2017.
 - (vi) Mr. Tang Zhi was appointed as the supervisor of the Company with effect from January 2017 and resigned as the supervisor of the Company with effect from May 2025. His remuneration disclosed above included the remuneration for the services rendered by him as the supervisor.
 - (vii) Mr. Ji Qiang was appointed as the supervisor of the Company with effect from November 2019 and resigned as the supervisor of the Company with effect from May 2025. His remuneration disclosed above included the remuneration for the services rendered by him as the supervisor.
 - (viii) Ms. Jiang Min was appointed as the supervisor of the Company with effect from January 2017 and resigned as the supervisor of the Company with effect from May 2025. Her remuneration disclosed above included the remuneration for the services rendered by her as the supervisor.
- * The Company had dissolved the supervisory committee from May 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 3, 3 and 3 directors of the Company, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration during the Relevant Periods of the remaining 2, 2 and 2 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	28,702	26,564	21,438
Pension scheme contributions	92	113	145
Total	<u>28,794</u>	<u>26,677</u>	<u>21,583</u>

The numbers of the above non-director, highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
	HK\$10,000,001 to HK\$15,000,000	1	1
HK\$15,000,001 to HK\$20,000,000	1	1	—
Total	<u>2</u>	<u>2</u>	<u>2</u>

11. 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/or operate.

(a) 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 the Company and certain subsidiaries of the Group in Chinese Mainland which are granted tax concessions and are taxed at preferential tax rates.

The 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 Relevant Periods.

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 Relevant Periods.

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Pursuant to the Corporate Income Tax Law of the PRC, the Company and certain subsidiaries of the Company enjoyed a super deduction of 200% on qualified research and development costs during the Relevant Periods.

(b) Hong Kong

The Group’s entities incorporated in Hong Kong are subject to a statutory tax rate of 16.5%.

(c) United States

The Group’s entities 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%.

(d) Netherlands

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

(e) Other overseas areas

The Company’s other overseas subsidiaries are subject to income tax at rates ranging from 0% to 35%.

(f) Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising 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 the Group operates and the legislation is effective for the Group’s financial year beginning January 1, 2024.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group for each of the year ended 31 December 2024 and 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group expects 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%. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	2,078,192	1,724,861	1,200,065
Deferred income tax	(645,676)	(445,131)	22,429
Total	<u>1,432,516</u>	<u>1,279,730</u>	<u>1,222,494</u>

A reconciliation between income tax expenses and profit before tax at applicable tax rates is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before tax	13,010,929	13,019,696	9,673,965
Tax at the preferential tax rate of 15%.	1,951,639	1,952,954	1,451,095
Different tax rates enacted by local authorities	(245,426)	(240,528)	(46,833)
Expenses not deductible for tax.	25,738	64,043	62,177
Utilisation of previously unrecognised tax losses and temporary differences	(63,378)	(120,922)	(72,581)
Tax losses and temporary differences not recognised.	89,917	18,483	132,988
Additional deductible allowance for qualified research and development costs	(314,218)	(376,314)	(345,349)
Others	(11,756)	(17,986)	40,997
Tax charge at the Group’s effective tax rate.	<u>1,432,516</u>	<u>1,279,730</u>	<u>1,222,494</u>

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12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interim and final dividends in respect of the previous year, declared during the year (tax inclusive)	10,669,484	8,741,702	5,613,604
Dividends of lapsed restricted shares under employee stock ownership plan	(1,574)	(14,911)	(3,524)
Total	<u>10,667,910</u>	<u>8,726,791</u>	<u>5,610,080</u>

The interim and final dividends of RMB88, RMB72.1, RMB46.3 (inclusive of tax) for every 10 ordinary shares were declared and paid to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the Relevant Periods. The final dividends were approved by the Annual General Meeting of the Company. The interim profit distribution plans were approved by the board of directors in accordance with the resolution of the Annual General Meeting of the Company, except for the 2023 interim dividend that was approved by the Extraordinary General Meeting of the Company.

On 27 March 2026, the board of directors proposed the final cash dividend of RMB3.1 (inclusive of tax) for every 10 ordinary shares to all shareholders of the Company’s A shares on the relevant record date.

On 28 April 2026, the board of directors proposed the interim cash dividend of RMB12.5 (inclusive of tax) for every 10 ordinary shares to all shareholders of the Company’s A shares on the relevant record date.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to owners of the parent, adjusted to reflect the cash dividends distributed to the expected vested shares under employee stock ownership plan, and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the Relevant Periods.

(a) Basic

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Earnings			
Profit attributable to owners of the parent, used in the basic earnings per share calculation	11,582,226	11,668,487	8,135,775
Less: Cash dividends distributed to the expected vested shares under employee stock ownership plan	(16,668)	–	–
Adjusted profit attributable to owners of the parent, used in the basic earnings per share calculation	<u>11,565,558</u>	<u>11,668,487</u>	<u>8,135,775</u>

	Year ended 31 December		
	2023	2024	2025
	Shares		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	<u>1,209,961,903</u>	<u>1,210,976,985</u>	<u>1,211,632,532</u>

The calculation of the diluted earnings per share amounts is based on the profit attributable to owners of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares arising from employee stock ownership plan into ordinary shares.

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(b) Diluted

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to owners of the parent, used in the basic earnings per share calculation	11,582,226	11,668,487	8,135,775
Less: Cash dividends distributed to employee stock ownership plan shares that have not yet met the performance conditions	(8,334)	–	–
Less: Effect of the subsidiary’s employee stock ownership plan	–	(120)	(311)
Adjusted profit attributable to owners of the parent, used in the diluted earnings per share calculation	<u>11,573,892</u>	<u>11,668,367</u>	<u>8,135,464</u>

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Shares			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	1,209,961,903	1,210,976,985	1,211,632,532
Effect of dilution – potential ordinary shares arising from employee stock ownership plan	987,751	318,562	–
Total	<u>1,210,949,654</u>	<u>1,211,295,547</u>	<u>1,211,632,532</u>

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023							
Cost	3,662,125	1,230,405	14,289	1,583,723	1,802,682	152,941	8,446,165
Accumulated depreciation and impairment	(544,120)	(627,139)	(11,551)	(1,046,742)	–	(70,389)	(2,299,941)
Net carrying amount	<u>3,118,005</u>	<u>603,266</u>	<u>2,738</u>	<u>536,981</u>	<u>1,802,682</u>	<u>82,552</u>	<u>6,146,224</u>
At 1 January 2023, net of accumulated depreciation and impairment	3,118,005	603,266	2,738	536,981	1,802,682	82,552	6,146,224
Additions	367,613	276,270	1,363	194,619	1,446,480	7,900	2,294,245
Acquisition of subsidiaries (Note 35)	26,955	9,032	–	20,322	–	–	56,309
Transfers	735,869	22,031	–	9,623	(784,453)	16,930	–
Other increases during the year	–	–	–	107,393	–	–	107,393
Depreciation provided during the year	(102,908)	(129,700)	(936)	(279,688)	–	(29,160)	(542,392)
Impairment	–	–	–	(1,586)	–	–	(1,586)
Disposals and others	(936)	(5,286)	(1,041)	(20,485)	–	–	(27,748)
Other decreases during the year	–	–	–	–	(1,221)	–	(1,221)
Exchange realignment	2,775	(3,087)	(6)	388	(2,206)	(3,343)	(5,479)
At 31 December 2023, net of accumulated depreciation and impairment	<u>4,147,373</u>	<u>772,526</u>	<u>2,118</u>	<u>567,567</u>	<u>2,461,282</u>	<u>74,879</u>	<u>8,025,745</u>

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	Land and buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023							
Cost	4,798,687	1,510,610	12,826	1,767,214	2,461,282	164,415	10,715,034
Accumulated depreciation and impairment	(651,314)	(738,084)	(10,708)	(1,199,647)	–	(89,536)	(2,689,289)
Net carrying amount	<u>4,147,373</u>	<u>772,526</u>	<u>2,118</u>	<u>567,567</u>	<u>2,461,282</u>	<u>74,879</u>	<u>8,025,745</u>

	Land and buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024							
Cost	4,798,687	1,510,610	12,826	1,767,214	2,461,282	164,415	10,715,034
Accumulated depreciation and impairment	(651,314)	(738,084)	(10,708)	(1,199,647)	–	(89,536)	(2,689,289)
Net carrying amount	<u>4,147,373</u>	<u>772,526</u>	<u>2,118</u>	<u>567,567</u>	<u>2,461,282</u>	<u>74,879</u>	<u>8,025,745</u>

At 1 January 2024, net of accumulated depreciation and impairment	4,147,373	772,526	2,118	567,567	2,461,282	74,879	8,025,745
Additions	16,082	341,632	3,467	195,815	1,210,940	3,202	1,771,138
Acquisition of subsidiaries (Note 35)	179,541	311,635	3,486	38,748	70,519	4,931	608,860
Transfers	984,399	61,786	–	12,987	(1,065,055)	5,883	–
Other increases during the year	–	–	–	105,539	–	–	105,539
Depreciation provided during the year	(140,907)	(202,338)	(1,463)	(279,334)	–	(34,417)	(658,459)
Impairment	–	(1,213)	–	(540)	–	–	(1,753)
Disposals and others	(56)	(14,258)	(138)	(11,127)	–	(16)	(25,595)
Other decreases during the year	–	–	–	–	(1,668)	–	(1,668)
Exchange realignment	(769)	(3,903)	(3)	(2,493)	(1,184)	(1,448)	(9,800)

At 31 December 2024, net of accumulated depreciation and impairment	<u>5,185,663</u>	<u>1,265,867</u>	<u>7,467</u>	<u>627,162</u>	<u>2,674,834</u>	<u>53,014</u>	<u>9,814,007</u>
At 31 December 2024							
Cost	5,978,208	2,182,956	18,597	1,956,223	2,674,834	170,619	12,981,437
Accumulated depreciation and impairment	(792,545)	(917,089)	(11,130)	(1,329,061)	–	(117,605)	(3,167,430)
Net carrying amount	<u>5,185,663</u>	<u>1,265,867</u>	<u>7,467</u>	<u>627,162</u>	<u>2,674,834</u>	<u>53,014</u>	<u>9,814,007</u>

	Land and buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025							
Cost	5,978,208	2,182,956	18,597	1,956,223	2,674,834	170,619	12,981,437
Accumulated depreciation and impairment	(792,545)	(917,089)	(11,130)	(1,329,061)	–	(117,605)	(3,167,430)
Net carrying amount	<u>5,185,663</u>	<u>1,265,867</u>	<u>7,467</u>	<u>627,162</u>	<u>2,674,834</u>	<u>53,014</u>	<u>9,814,007</u>

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	Land and buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025, net of accumulated depreciation and impairment	5,185,663	1,265,867	7,467	627,162	2,674,834	53,014	9,814,007
Additions	28,266	335,507	1,256	159,017	1,196,917	4,607	1,725,570
Transfers	517,595	125,198	–	15,757	(719,366)	60,816	–
Other increases during the year	–	11,589	–	148,250	–	–	159,839
Transfer to investment properties	(1,236)	–	–	–	–	–	(1,236)
Depreciation provided during the year	(167,630)	(263,684)	(2,094)	(287,959)	–	(26,556)	(747,923)
Impairment	(15,992)	(124)	–	(359)	–	–	(16,475)
Disposals and others	(21,770)	(6,266)	(211)	(9,499)	–	(32)	(37,778)
Other decreases during the year	–	–	–	–	(1,520)	–	(1,520)
Exchange realignment	2,410	9,104	18	6,825	3,459	4,734	26,550
At 31 December 2025, net of accumulated depreciation and impairment	<u>5,527,306</u>	<u>1,477,191</u>	<u>6,436</u>	<u>659,194</u>	<u>3,154,324</u>	<u>96,583</u>	<u>10,921,034</u>
At 31 December 2025							
Cost	6,459,889	2,646,181	18,297	2,162,629	3,154,324	234,834	14,676,154
Accumulated depreciation and impairment	(932,583)	(1,168,990)	(11,861)	(1,503,435)	–	(138,251)	(3,755,120)
Net carrying amount	<u>5,527,306</u>	<u>1,477,191</u>	<u>6,436</u>	<u>659,194</u>	<u>3,154,324</u>	<u>96,583</u>	<u>10,921,034</u>

At the end of each of the Relevant Periods, certain of the Group’s land and buildings with net carrying amounts of approximately RMB1,307,000, RMB12,358,000 and nil were pledged to secure general banking facilities granted to the Group.

The Company

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023							
Cost	2,871,919	809,275	7,393	1,094,564	260,815	26,601	5,070,567
Accumulated depreciation and impairment	(368,265)	(411,733)	(6,300)	(732,498)	–	(16,883)	(1,535,679)
Net carrying amount	<u>2,503,654</u>	<u>397,542</u>	<u>1,093</u>	<u>362,066</u>	<u>260,815</u>	<u>9,718</u>	<u>3,534,888</u>
At 1 January 2023, net of accumulated depreciation and impairment	2,503,654	397,542	1,093	362,066	260,815	9,718	3,534,888
Additions	361,889	145,129	1,351	101,126	311,621	–	921,116
Transfers	165,628	2,203	–	–	(167,831)	–	–
Other increases during the year	–	–	–	81,205	–	–	81,205
Depreciation provided during the year	(74,196)	(83,735)	(356)	(192,847)	–	(3,475)	(354,609)
Disposals and others	(936)	(1,681)	(135)	(10,058)	–	–	(12,810)
At 31 December 2023, net of accumulated depreciation and impairment	<u>2,956,039</u>	<u>459,458</u>	<u>1,953</u>	<u>341,492</u>	<u>404,605</u>	<u>6,243</u>	<u>4,169,790</u>

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	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023							
Cost	3,397,456	944,799	7,393	1,164,544	404,605	26,601	5,945,398
Accumulated depreciation and impairment	(441,417)	(485,341)	(5,440)	(823,052)	–	(20,358)	(1,775,608)
Net carrying amount	<u>2,956,039</u>	<u>459,458</u>	<u>1,953</u>	<u>341,492</u>	<u>404,605</u>	<u>6,243</u>	<u>4,169,790</u>

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024							
Cost	3,397,456	944,799	7,393	1,164,544	404,605	26,601	5,945,398
Accumulated depreciation and impairment	(441,417)	(485,341)	(5,440)	(823,052)	–	(20,358)	(1,775,608)
Net carrying amount	<u>2,956,039</u>	<u>459,458</u>	<u>1,953</u>	<u>341,492</u>	<u>404,605</u>	<u>6,243</u>	<u>4,169,790</u>

At 1 January 2024, net of accumulated depreciation and impairment	2,956,039	459,458	1,953	341,492	404,605	6,243	4,169,790
Additions	8,595	151,780	847	79,381	411,834	–	652,437
Transfers	171,400	15,449	–	–	(186,849)	–	–
Other increases during the year	–	–	–	61,563	–	–	61,563
Depreciation provided during the year	(88,998)	(108,022)	(398)	(173,951)	–	(3,113)	(374,482)
Disposals and others	–	(5,283)	(100)	(5,993)	–	(16)	(11,392)
Other decreases during the year	–	–	–	–	(121)	–	(121)

At 31 December 2024, net of accumulated depreciation and impairment	<u>3,047,036</u>	<u>513,382</u>	<u>2,302</u>	<u>302,492</u>	<u>629,469</u>	<u>3,114</u>	<u>4,497,795</u>
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At 31 December 2024							
Cost	3,577,452	1,099,538	7,244	1,178,971	629,469	26,461	6,519,135
Accumulated depreciation and impairment	(530,416)	(586,156)	(4,942)	(876,479)	–	(23,347)	(2,021,340)
Net carrying amount	<u>3,047,036</u>	<u>513,382</u>	<u>2,302</u>	<u>302,492</u>	<u>629,469</u>	<u>3,114</u>	<u>4,497,795</u>

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	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025							
Cost	3,577,452	1,099,538	7,244	1,178,971	629,469	26,461	6,519,135
Accumulated depreciation and impairment	(530,416)	(586,156)	(4,942)	(876,479)	–	(23,347)	(2,021,340)
Net carrying amount	<u>3,047,036</u>	<u>513,382</u>	<u>2,302</u>	<u>302,492</u>	<u>629,469</u>	<u>3,114</u>	<u>4,497,795</u>
At 1 January 2025, net of accumulated depreciation and impairment	3,047,036	513,382	2,302	302,492	629,469	3,114	4,497,795
Additions	7,785	152,582	–	73,352	456,428	–	690,147
Transfers	1,636	3,865	–	496	(5,997)	–	–
Other increases during the year	–	–	–	44,967	–	–	44,967
Depreciation provided during the year	(92,885)	(127,436)	(449)	(156,267)	–	(2,389)	(379,426)
Disposals and others	(707)	(3,085)	(116)	(2,745)	–	–	(6,653)
At 31 December 2025, net of accumulated depreciation and impairment	<u>2,962,865</u>	<u>539,308</u>	<u>1,737</u>	<u>262,295</u>	<u>1,079,900</u>	<u>725</u>	<u>4,846,830</u>
At 31 December 2025							
Cost	3,585,176	1,248,342	6,083	1,228,067	1,079,900	22,601	7,170,169
Accumulated depreciation and impairment	(622,311)	(709,034)	(4,346)	(965,772)	–	(21,876)	(2,323,339)
Net carrying amount	<u>2,962,865</u>	<u>539,308</u>	<u>1,737</u>	<u>262,295</u>	<u>1,079,900</u>	<u>725</u>	<u>4,846,830</u>

15. INVESTMENT PROPERTIES

The Group

	31 December 2023		
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	40,028	3,343	43,371
Depreciation provided during the year	(1,733)	(152)	(1,885)
Carrying amount at 31 December	<u>38,295</u>	<u>3,191</u>	<u>41,486</u>
	31 December 2024		
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	38,295	3,191	41,486
Disposals	(7,046)	(182)	(7,228)
Depreciation provided during the year	(1,734)	(151)	(1,885)
Carrying amount at 31 December	<u>29,515</u>	<u>2,858</u>	<u>32,373</u>
	31 December 2025		
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	29,515	2,858	32,373
Transfer from owner-occupied property	1,236	–	1,236
Depreciation provided during the year	(1,592)	(145)	(1,737)
Carrying amount at 31 December	<u>29,159</u>	<u>2,713</u>	<u>31,872</u>

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The Company

	31 December 2023		
	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	40,028	3,343	43,371
Depreciation provided during the year	(1,733)	(152)	(1,885)
Carrying amount at 31 December.	<u>38,295</u>	<u>3,191</u>	<u>41,486</u>
	31 December 2024		
	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	38,295	3,191	41,486
Disposals.	(7,046)	(182)	(7,228)
Depreciation provided during the year	(1,734)	(151)	(1,885)
Carrying amount at 31 December.	<u>29,515</u>	<u>2,858</u>	<u>32,373</u>
	31 December 2025		
	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	29,515	2,858	32,373
Depreciation provided during the year	(1,530)	(145)	(1,675)
Carrying amount at 31 December.	<u>27,985</u>	<u>2,713</u>	<u>30,698</u>

16. LEASES

The Group as a lessee

The Group has lease contracts for various buildings, machinery and equipment, motor vehicles, electronic equipment and others, and leasehold land. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these leasehold land. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The Company has lease contracts for various buildings and leasehold land. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these leasehold land.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold land	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023.	173,606	1,503	50,384	361	559,041	784,895
New leases.	93,451	851	40,077	73	65,199	199,651
Acquisition of subsidiaries (Note 35)	12,153	12,893	2,843	454	–	28,343
Modification.	121	–	(3,365)	–	–	(3,244)
Depreciation provided during the year	(81,347)	(1,208)	(31,200)	(217)	(15,848)	(129,820)
Exchange realignment	(2,429)	(119)	1,465	23	–	(1,060)
As at 31 December 2023.	<u>195,555</u>	<u>13,920</u>	<u>60,204</u>	<u>694</u>	<u>608,392</u>	<u>878,765</u>

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	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024.	195,555	13,920	60,204	694	608,392	878,765
New leases.	46,378	2,687	30,185	327	322,509	402,086
Acquisition of subsidiaries (Note 35)	13,943	–	–	–	75,640	89,583
Modification.	9,880	–	36,210	(25)	–	46,065
Depreciation provided during the year	(85,464)	(3,621)	(40,495)	(357)	(22,029)	(151,966)
Exchange realignment	(5,242)	(401)	(439)	(25)	–	(6,107)
As at 31 December 2024.	<u>175,050</u>	<u>12,585</u>	<u>85,665</u>	<u>614</u>	<u>984,512</u>	<u>1,258,426</u>

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025.	175,050	12,585	85,665	614	984,512	1,258,426
New leases.	128,298	641	15,852	564	720	146,075
Modification.	3,529	–	36,927	–	–	40,456
Disposals.	–	–	–	–	(6,898)	(6,898)
Depreciation provided during the year	(94,612)	(3,975)	(47,106)	(427)	(26,607)	(172,727)
Exchange realignment	9,457	1,013	1,215	54	–	11,739
As at 31 December 2025.	<u>221,722</u>	<u>10,264</u>	<u>92,553</u>	<u>805</u>	<u>951,727</u>	<u>1,277,071</u>

As at 31 December 2024 and 2025, the Group had not obtained the certificates for certain leasehold land with aggregate net carrying amounts of approximately RMB21,950,000 and RMB21,191,000. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group’s financial position as at 31 December 2024 and 2025.

The Company

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023.	17,683	338,034	355,717
Additions	2,280	–	2,280
Depreciation charge	(11,693)	(10,504)	(22,197)
As at 31 December 2023.	<u>8,270</u>	<u>327,530</u>	<u>335,800</u>

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024.	8,270	327,530	335,800
Additions	11,921	–	11,921
Modification.	(2,205)	–	(2,205)
Depreciation charge	(7,644)	(10,445)	(18,089)
As at 31 December 2024.	<u>10,342</u>	<u>317,085</u>	<u>327,427</u>

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025.	10,342	317,085	327,427
Additions	4,123	–	4,123
Modification.	(1,048)	–	(1,048)
Depreciation charge	(7,269)	(10,445)	(17,714)
As at 31 December 2025.	<u>6,148</u>	<u>306,640</u>	<u>312,788</u>

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(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	236,525	285,375	291,582
New leases	134,452	79,577	145,355
Acquisition of subsidiaries (<i>Note 35</i>)	28,343	14,403	–
Accretion of interest recognised during the year	12,829	18,560	22,638
Payments	(123,697)	(152,396)	(154,440)
Modification	(11,818)	32,576	25,900
Exchange realignment	8,741	13,487	13,401
Carrying amount at the end of the year	<u>285,375</u>	<u>291,582</u>	<u>344,436</u>
Analysed into:			
Current portion	104,302	114,270	123,194
Non-current portion	<u>181,073</u>	<u>177,312</u>	<u>221,242</u>

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	12,829	18,560	22,638
Depreciation charge of right-of-use assets	129,820	151,966	172,727
Expense relating to short-term leases and leases of low-value assets	79,179	81,106	83,641
Total amount recognised in profit or loss	<u>221,828</u>	<u>251,632</u>	<u>279,006</u>

(d) The total cash outflow for leases is disclosed in note 37(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its certain properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the Relevant Periods was RMB32,393,000, RMB57,488,000 and RMB66,447,000.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	36,890	60,159	70,434
After one year but within two years	34,887	69,376	67,777
After two years but within three years	36,318	67,132	62,180
After three years but within four years	33,046	61,868	67,227
After four years but within five years	27,550	65,918	71,928
After five years	140,801	572,222	500,294
Total	<u>309,492</u>	<u>896,675</u>	<u>839,840</u>

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17. GOODWILL

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost			
At the beginning of the year	4,538,461	5,196,959	11,228,452
Acquisition of subsidiaries (<i>Note 35</i>)	452,853	6,172,366	–
Exchange realignment	205,645	(140,873)	310,911
At the end of the year	<u>5,196,959</u>	<u>11,228,452</u>	<u>11,539,363</u>
Impairment			
At the beginning of the year	135,268	135,268	135,268
At the end of the year	<u>135,268</u>	<u>135,268</u>	<u>135,268</u>
Net carrying amount			
At the end of the year	<u>5,061,691</u>	<u>11,093,184</u>	<u>11,404,095</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is mainly allocated to the following cash-generating units for impairment testing:

- *In vitro* diagnostic products cash-generating unit;
- Patient monitoring and life support products cash-generating unit;
- Medical imaging system products cash-generating unit; and
- Minimally invasive intervention products cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>In vitro</i> diagnostic products*	3,834,738	3,675,933	4,013,919
Patient monitoring and life support products*	726,249	736,708	720,916
Medical imaging system products*	500,704	508,177	496,894
Minimally invasive intervention products**	–	6,172,366	6,172,366
Others	–	–	–
At the end of the year	<u>5,061,691</u>	<u>11,093,184</u>	<u>11,404,095</u>

* The recoverable amounts of the *in vitro* diagnostic products cash-generating unit, patient monitoring and life support products cash-generating unit and medical imaging system products cash-generating unit have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

The cash flow projections adopted gross margin rate, revenue growth rate and pre-tax discount rate as the key assumptions. The gross margin rate was based on the units’ past performance and the management’s expectations for the market development. The revenue growth rate was calculated based on historical sales, market trend and production capability, and the discount rate was estimated with reference to specific risks relating to the relevant units and determined using the average cost of capital before tax.

** The management determined the recoverable amount of minimally invasive intervention products cash-generating unit using fair value less the costs of disposal. The key inputs included the share price of the listed company and costs of disposal, which mainly included securities trading related expenses such as stamp duty and commissions.

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18. OTHER INTANGIBLE ASSETS

The Group

	Patents and technical know-how	Software	Trademarks	Customer relationship	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023						
Cost	1,933,053	276,100	239,021	813,791	296,902	3,558,867
Accumulated amortisation and impairment	(970,903)	(231,091)	(138,601)	(503,680)	–	(1,844,275)
Net carrying amount	<u>962,150</u>	<u>45,009</u>	<u>100,420</u>	<u>310,111</u>	<u>296,902</u>	<u>1,714,592</u>
Cost at 1 January 2023, net of accumulated amortisation and impairment						
	962,150	45,009	100,420	310,111	296,902	1,714,592
Additions	1,069	30,910	–	–	346,352	378,331
Transfer	300,903	–	–	–	(300,903)	–
Acquisition of subsidiaries (Note 35)	197,084	–	110,590	156,558	–	464,232
Amortisation provided during the year	(256,469)	(31,608)	(9,485)	(70,573)	–	(368,135)
Impairment during the year	–	–	(28,156)	(245,181)	–	(273,337)
Disposals	–	(7)	–	–	–	(7)
Exchange realignment	23,684	167	6,172	13,219	–	43,242
At 31 December 2023	<u>1,228,421</u>	<u>44,471</u>	<u>179,541</u>	<u>164,134</u>	<u>342,351</u>	<u>1,958,918</u>
At 31 December 2023						
Cost	2,464,823	279,591	359,040	997,055	342,351	4,442,860
Accumulated amortisation and impairment	(1,236,402)	(235,120)	(179,499)	(832,921)	–	(2,483,942)
Net carrying amount	<u>1,228,421</u>	<u>44,471</u>	<u>179,541</u>	<u>164,134</u>	<u>342,351</u>	<u>1,958,918</u>
	Patents and technical know-how	Software	Trademarks	Customer relationship	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024						
Cost	2,464,823	279,591	359,040	997,055	342,351	4,442,860
Accumulated amortisation and impairment	(1,236,402)	(235,120)	(179,499)	(832,921)	–	(2,483,942)
Net carrying amount	<u>1,228,421</u>	<u>44,471</u>	<u>179,541</u>	<u>164,134</u>	<u>342,351</u>	<u>1,958,918</u>
Cost at 1 January 2024, net of accumulated amortisation and impairment						
	1,228,421	44,471	179,541	164,134	342,351	1,958,918
Additions	9,489	18,523	–	–	342,413	370,425
Transfer	331,775	–	–	–	(331,775)	–
Acquisition of subsidiaries (Note 35)	2,204,000	1,488	711,000	1,577,000	–	4,493,488
Amortisation provided during the year	(414,692)	(24,278)	(12,933)	(238,731)	–	(690,634)
Disposals	(199)	(5,346)	–	–	–	(5,545)
Exchange realignment	(22,131)	(200)	(7,304)	(5,818)	–	(35,453)
At 31 December 2024	<u>3,336,663</u>	<u>34,658</u>	<u>870,304</u>	<u>1,496,585</u>	<u>352,989</u>	<u>6,091,199</u>
At 31 December 2024						
Cost	4,986,750	270,117	1,061,056	2,554,848	352,989	9,225,760
Accumulated amortisation and impairment	(1,650,087)	(235,459)	(190,752)	(1,058,263)	–	(3,134,561)
Net carrying amount	<u>3,336,663</u>	<u>34,658</u>	<u>870,304</u>	<u>1,496,585</u>	<u>352,989</u>	<u>6,091,199</u>

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	Patents and technical know-how	Software	Trademarks	Customer relationship	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025						
At 1 January 2025						
Cost	4,986,750	270,117	1,061,056	2,554,848	352,989	9,225,760
Accumulated amortisation and impairment	(1,650,087)	(235,459)	(190,752)	(1,058,263)	–	(3,134,561)
Net carrying amount	<u>3,336,663</u>	<u>34,658</u>	<u>870,304</u>	<u>1,496,585</u>	<u>352,989</u>	<u>6,091,199</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment	3,336,663	34,658	870,304	1,496,585	352,989	6,091,199
Additions	5,533	25,179	–	–	350,169	380,881
Transfer	422,569	–	–	–	(422,569)	–
Amortisation provided during the year	(481,545)	(21,097)	(13,237)	(308,828)	–	(824,707)
Disposals	–	(112)	–	–	–	(112)
Exchange realignment	45,827	292	14,794	10,948	–	71,861
At 31 December 2025	<u>3,329,047</u>	<u>38,920</u>	<u>871,861</u>	<u>1,198,705</u>	<u>280,589</u>	<u>5,719,122</u>
At 31 December 2025						
Cost	5,466,010	257,950	1,080,949	2,598,077	280,589	9,683,575
Accumulated amortisation and impairment	(2,136,963)	(219,030)	(209,088)	(1,399,372)	–	(3,964,453)
Net carrying amount	<u>3,329,047</u>	<u>38,920</u>	<u>871,861</u>	<u>1,198,705</u>	<u>280,589</u>	<u>5,719,122</u>

The Company

	Patents and technical know-how	Software	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023				
Cost	1,046,474	317,206	263,238	1,626,918
Accumulated amortisation and impairment	(633,638)	(281,187)	–	(914,825)
Net carrying amount	<u>412,836</u>	<u>36,019</u>	<u>263,238</u>	<u>712,093</u>
Cost at 1 January 2023, net of accumulated amortisation and impairment	412,836	36,019	263,238	712,093
Additions	14,745	11,590	321,934	348,269
Transfer	267,099	–	(267,099)	–
Amortisation provided during the year	(137,067)	(25,994)	–	(163,061)
Disposals	(208,527)	–	–	(208,527)
At 31 December 2023	<u>349,086</u>	<u>21,615</u>	<u>318,073</u>	<u>688,774</u>
At 31 December 2023				
Cost	1,001,957	302,878	318,073	1,622,908
Accumulated amortisation and impairment	(652,871)	(281,263)	–	(934,134)
Net carrying amount	<u>349,086</u>	<u>21,615</u>	<u>318,073</u>	<u>688,774</u>

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	Patents and technical know-how	Software	Capitalised development costs	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2024				
At 1 January 2024				
Cost	1,001,957	302,878	318,073	1,622,908
Accumulated amortisation and impairment	(652,871)	(281,263)	–	(934,134)
Net carrying amount	<u>349,086</u>	<u>21,615</u>	<u>318,073</u>	<u>688,774</u>
Cost at 1 January 2024, net of accumulated amortisation and impairment				
	349,086	21,615	318,073	688,774
Additions	17,785	4,006	350,094	371,885
Transfer	309,093	–	(309,093)	–
Amortisation provided during the year.	(149,827)	(13,730)	–	(163,557)
Disposals	–	(1)	–	(1)
At 31 December 2024	<u>526,137</u>	<u>11,890</u>	<u>359,074</u>	<u>897,101</u>
At 31 December 2024				
Cost	1,328,835	286,173	359,074	1,974,082
Accumulated amortisation and impairment	(802,698)	(274,283)	–	(1,076,981)
Net carrying amount	<u>526,137</u>	<u>11,890</u>	<u>359,074</u>	<u>897,101</u>
	Patents and technical know-how	Software	Capitalised development costs	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2025				
At 1 January 2025				
Cost	1,328,835	286,173	359,074	1,974,082
Accumulated amortisation and impairment	(802,698)	(274,283)	–	(1,076,981)
Net carrying amount	<u>526,137</u>	<u>11,890</u>	<u>359,074</u>	<u>897,101</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment				
	526,137	11,890	359,074	897,101
Additions	166,237	14,620	358,160	539,017
Transfer	427,878	–	(427,878)	–
Amortisation provided during the year.	(221,754)	(10,803)	–	(232,557)
Disposals	–	(79)	–	(79)
At 31 December 2025	<u>898,498</u>	<u>15,628</u>	<u>289,356</u>	<u>1,203,482</u>
At 31 December 2025				
Cost	2,340,688	268,708	289,356	2,898,752
Accumulated amortisation and impairment	(1,442,190)	(253,080)	–	(1,695,270)
Net carrying amount	<u>898,498</u>	<u>15,628</u>	<u>289,356</u>	<u>1,203,482</u>

19. INVESTMENTS IN ASSOCIATES/INVESTMENTS IN SUBSIDIARIES

The Group

Investments in associates

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of investments in associates	<u>66,563</u>	<u>197,202</u>	<u>179,691</u>

The Group’s balances associated with trade and bills receivables, trade payables and other payables and accruals and transactions with the associates are disclosed in note 39 to the Historical Financial Information.

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Particulars of the Group’s material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group			Principal activities
			As at 31 December	As at 31 December	As at 31 December	
			2023	2024	2025	
Shenzhen High Performance Medical Instrument National Research Institute Co., Ltd.	Ordinary shares	Chinese Mainland	20.83%	20.83%	20.83%	Research and development of medical devices
Shenzhen Chinabridge Medical Technology Co., Ltd.	Ordinary shares	Chinese Mainland	4.29%	4.22%	–	Research and development, wholesale and retail of medical devices
RICOTON (Shanghai) Technology Development Co., Ltd.	Ordinary shares	Chinese Mainland	–	7.57%	8.22%	Research and development, production and sales of medical devices
TieYu Electronics Technology Co., Ltd.	Ordinary shares	Chinese Mainland	–	11.76%	12.77%	Technical services, development and technical consulting
Shanghai InnoMed Technologies Incorporation Limited	Ordinary shares	Chinese Mainland	–	6.31%	6.85%	Manufacture of medical devices

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Share of the associates’ (losses)/gains and other comprehensive income for the year	(4,511)	(11,812)	15,538
Aggregate carrying amount of the Group’s investments in associates	66,563	197,202	179,691

The Company

Investments in an associate

	31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount of investments in an associate	<u>26,054</u>	<u>27,530</u>	<u>33,842</u>

Investments in subsidiaries

	31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments at cost	<u>12,578,704</u>	<u>19,103,598</u>	<u>20,962,508</u>

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20. TRADE AND BILLS RECEIVABLES

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	3,666,216	3,891,717	4,270,872
Allowance for impairment	(360,149)	(649,552)	(845,285)
	<u>3,306,067</u>	<u>3,242,165</u>	<u>3,425,587</u>
Bills receivable	1,705	6,315	1,964
Total	<u>3,307,772</u>	<u>3,248,480</u>	<u>3,427,551</u>
Analysed into:			
Current portion	3,296,830	3,225,616	3,410,083
Non-current portion	10,942	22,864	17,468

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	1,476,440	1,157,373	1,267,340
Allowance for impairment	(287,612)	(563,654)	(729,325)
	<u>1,188,828</u>	<u>593,719</u>	<u>538,015</u>
Bills receivable	–	5,000	–
Total	<u>1,188,828</u>	<u>598,719</u>	<u>538,015</u>
Analysed into:			
Current portion	1,185,557	597,453	537,191
Non-current portion	3,271	1,266	824

Trade receivables mainly arise from the sales of medical devices. The Group generally grants credit terms of up to 90 days to third-party customers.

The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by the management. In view of the aforementioned and the fact that the Group’s trade and bills receivables relate to diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the due date and net of loss allowance, is as follows:

The Group

Domestic business grouping

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within the credit period	681,490	451,038	570,671
Past due within 90 days	15,193	18,543	26,549
Past due 90 to 360 days	305,226	5,157	14,632
Past due over 360 days	190,596	183,487	20,944
Total	<u>1,192,505</u>	<u>658,225</u>	<u>632,796</u>

Overseas business grouping

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within the credit period	1,498,223	2,136,743	2,280,992
Past due within 90 days	507,288	321,212	426,974
Past due 90 to 360 days	106,323	120,319	75,093
Past due over 360 days	1,728	5,666	9,732
Total	<u>2,113,562</u>	<u>2,583,940</u>	<u>2,792,791</u>

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The Company

Domestic business grouping

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within the credit period	614,591	324,076	419,450
Past due within 90 days	1,831	6,315	11,443
Past due 90 to 360 days	291,934	229	8,895
Past due over 360 days	187,329	173,023	9,867
Total	<u>1,095,685</u>	<u>503,643</u>	<u>449,655</u>

Overseas business grouping

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within the credit period	74,758	77,440	68,093
Past due within 90 days	17,290	11,557	20,006
Past due 90 to 360 days	1,095	1,079	261
Total	<u>93,143</u>	<u>90,076</u>	<u>88,360</u>

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

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	118,139	360,149	649,552
Impairment losses recognised, net	244,176	298,928	195,269
Amount written off as uncollectible	(3,676)	(11,409)	(675)
Exchange realignment	1,510	1,884	1,139
At the end of the year	<u>360,149</u>	<u>649,552</u>	<u>845,285</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	65,637	287,612	563,654
Impairment losses recognised, net	222,634	277,941	165,671
Amount written off as uncollectible	(659)	(1,899)	–
At the end of the year	<u>287,612</u>	<u>563,654</u>	<u>729,325</u>

The Group

	Year ended 31 December 2023			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision according to credit risk characteristics.	<u>3,666,216</u>	<u>100.00</u>	<u>360,149</u>	<u>9.82</u>

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	Year ended 31 December 2024			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision according to credit risk characteristics.	<u>3,891,717</u>	<u>100.00</u>	<u>649,552</u>	<u>16.69</u>

	Year ended 31 December 2025			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision on a separate basis	16,097	0.38	16,097	100.00
Provision according to credit risk characteristics.	<u>4,254,775</u>	<u>99.62</u>	<u>829,188</u>	<u>19.49</u>
Total	<u>4,270,872</u>	<u>100.00</u>	<u>845,285</u>	<u>19.79</u>

The Company

	Year ended 31 December 2023			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision according to credit risk characteristics.	<u>1,476,440</u>	<u>100.00</u>	<u>287,612</u>	<u>19.48</u>

	Year ended 31 December 2024			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision according to credit risk characteristics.	<u>1,157,373</u>	<u>100.00</u>	<u>563,654</u>	<u>48.70</u>

	Year ended 31 December 2025			
	Carrying amount		Impairment losses	
	RMB'000	Rate %	RMB'000	Rate %
Provision according to credit risk characteristics.	<u>1,267,340</u>	<u>100.00</u>	<u>729,325</u>	<u>57.55</u>

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

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

The Group

Domestic business grouping

As at 31 December 2023:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.17%	10.00%	32.05%	41.74%	19.57%
Gross carrying amount (RMB'000).	689,550	16,881	449,164	327,140	1,482,735
Expected credit losses (RMB'000).	8,060	1,688	143,938	136,544	290,230

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As at 31 December 2024:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.53%	10.70%	31.16%	75.28%	46.43%
Gross carrying amount (RMB’000)	458,030	20,765	7,491	742,364	1,228,650
Expected credit losses (RMB’000)	6,992	2,222	2,334	558,877	570,425

As at 31 December 2025:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.55%	11.82%	40.55%	97.16%	53.87%
Gross carrying amount (RMB’000)	579,641	30,109	24,613	737,429	1,371,792
Expected credit losses (RMB’000)	8,970	3,560	9,981	716,485	738,996

Overseas business grouping

As at 31 December 2023:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.45%	3.67%	16.58%	92.92%	3.20%
Gross carrying amount (RMB’000)	1,505,023	526,600	127,458	24,400	2,183,481
Expected credit losses (RMB’000)	6,800	19,312	21,135	22,672	69,919

As at 31 December 2024:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.60%	2.89%	17.96%	84.23%	2.97%
Gross carrying amount (RMB’000)	2,149,689	330,780	146,665	35,933	2,663,067
Expected credit losses (RMB’000)	12,946	9,568	26,346	30,267	79,127

As at 31 December 2025:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.60%	4.18%	15.66%	81.86%	3.13%
Gross carrying amount (RMB’000)	2,294,660	445,623	89,038	53,662	2,882,983
Expected credit losses (RMB’000)	13,668	18,649	13,945	43,930	90,192

The Company

Domestic business grouping

As at 31 December 2023:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.25%	9.98%	32.80%	41.46%	20.54%
Gross carrying amount (RMB’000)	622,397	2,034	434,395	320,014	1,378,840
Expected credit losses (RMB’000)	7,806	203	142,461	132,685	283,155

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As at 31 December 2024:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.53%	10.70%	31.02%	76.25%	52.71%
Gross carrying amount (RMB’000)	329,101	7,072	332	728,560	1,065,065
Expected credit losses (RMB’000)	5,025	757	103	555,537	561,422

As at 31 December 2025:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	1.55%	11.82%	40.55%	98.64%	61.80%
Gross carrying amount (RMB’000)	426,043	12,977	14,963	723,219	1,177,202
Expected credit losses (RMB’000)	6,593	1,534	6,068	713,352	727,547

Overseas business grouping

As at 31 December 2023:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.37%	5.19%	50.00%	100.00%	4.57%
Gross carrying amount (RMB’000)	75,036	18,237	2,190	2,137	97,600
Expected credit losses (RMB’000)	278	947	1,095	2,137	4,457

As at 31 December 2024:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.37%	5.52%	50.00%	100.00%	2.42%
Gross carrying amount (RMB’000)	77,728	12,232	2,158	190	92,308
Expected credit losses (RMB’000)	288	675	1,079	190	2,232

As at 31 December 2025:

	Within the credit period	Past due			Total
		Within 90 days	90 to 360 days	Over 360 days	
Expected credit loss rate	0.37%	5.11%	50.00%	100.00%	1.97%
Gross carrying amount (RMB’000)	68,346	21,084	522	186	90,138
Expected credit losses (RMB’000)	253	1,078	261	186	1,778

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21. INVENTORIES

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	1,450,840	1,255,206	1,622,434
Work in progress	1,081,890	1,293,531	1,297,577
Finished goods	1,445,902	2,208,688	2,083,706
Total	<u>3,978,632</u>	<u>4,757,425</u>	<u>5,003,717</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	841,474	657,076	715,423
Work in progress	906,546	999,904	1,002,132
Finished goods	550,490	738,161	648,801
Total	<u>2,298,510</u>	<u>2,395,141</u>	<u>2,366,356</u>

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>687,207</u>	<u>592,081</u>	<u>544,771</u>
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
Subtotal	813,056	1,020,659	1,057,104
Impairment allowance	(468)	(1,144)	(1,611)
Total	<u>812,588</u>	<u>1,019,515</u>	<u>1,055,493</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Prepayments for purchase of property, plant and equipment	231,020	116,751	121,524
Other assets	77,126	68,539	76,705
Total	<u>308,146</u>	<u>185,290</u>	<u>198,229</u>

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	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current			
Prepayments	136,271	117,645	114,935
Value-added tax recoverable	–	86,295	–
Tax refund	36,497	6,577	40,300
Deposits	8,073	6,777	9,587
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other assets	75,673	84,997	139,715
Subtotal	256,514	302,291	336,312
Impairment allowance	(208)	(236)	(267)
Total	<u>256,306</u>	<u>302,055</u>	<u>336,045</u>

The balances of other receivables as at the end of each of the Relevant Periods were unsecured and interest-free.

Deposits mainly represent deposits with suppliers.

The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

23. FINANCIAL ASSETS AT FVTPL

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Equity investments, at fair value	1,270,537	–	–
Current			
Wealth management products*	–	–	250,486
Total	<u>1,270,537</u>	<u>–</u>	<u>250,486</u>

* The wealth management products primarily consist of structured deposits with maturity periods of less than one year.

24. FINANCIAL ASSETS AT FVOCI

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity investments, at fair value	138,016	114,517	83,529
Unlisted equity investments, at fair value	4,808	83,652	111,215
Total	<u>142,824</u>	<u>198,169</u>	<u>194,744</u>

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash on hand	70	84	63
Cash at banks	15,109,744	13,323,599	16,883,772
Short-term deposits	3,558,605	1,584,043	741,069
Cash and cash equivalents	<u>18,668,419</u>	<u>14,907,726</u>	<u>17,624,904</u>
Term deposits with maturity of more than three months that cannot be withdrawn at any time	1,616,082	1,664,629	5,349

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	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted cash	109,903	71,711	60,119
Restricted cash and term deposits	1,725,985	1,736,340	65,468
Cash and cash equivalents dominated in:			
RMB	11,772,171	4,467,292	3,913,959
USD	6,081,331	9,050,630	12,999,558
Others	814,917	1,389,804	711,387
Total	18,668,419	14,907,726	17,624,904

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	10,206,709	8,013,893	12,195,418
Short-term deposits	3,092,648	–	–
Cash and cash equivalents	13,299,357	8,013,893	12,195,418
Term deposits with maturity of more than three months that cannot be withdrawn at any time	772,488	906,047	–
Restricted cash	31,891	26,532	4,240
Restricted cash and term deposits	804,379	932,579	4,240
Cash and cash equivalents dominated in:			
RMB	8,897,395	754,635	1,497,100
USD	4,359,551	6,638,053	10,656,685
Others	42,411	621,205	41,633
Total	13,299,357	8,013,893	12,195,418

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods depending on the immediate cash requirements of the Group. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE PAYABLES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	2,690,407	2,792,515	3,242,266

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	1,888,747	1,689,514	2,104,598

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An ageing analysis of the trade payables at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

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

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,884,210	1,684,856	2,099,972
Over 1 year	4,537	4,658	4,626
Total	<u>1,888,747</u>	<u>1,689,514</u>	<u>2,104,598</u>

The trade payables are non-interest-bearing and are normally settled on 90-120 days terms.

27. CONTRACT LIABILITIES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipts in advance	1,395,300	1,307,945	1,508,627
Deferred revenue	758,918	1,013,471	1,788,718
Less: Contract liabilities – Non-current	180,856	155,649	296,744
Total	<u>1,973,362</u>	<u>2,165,767</u>	<u>3,000,601</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipts in advance	735,575	640,651	711,901
Deferred revenue	528,734	769,903	1,475,164
Less: Contract liabilities – Non-current	116,995	89,506	194,952
Total	<u>1,147,314</u>	<u>1,321,048</u>	<u>1,992,113</u>

28. DEFERRED INCOME

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	92,943	109,313	127,000
Additions	34,621	55,591	83,217
Credited to profit or loss	(17,786)	(37,904)	(28,461)
Others	(465)	–	–
At the end of the year	<u>109,313</u>	<u>127,000</u>	<u>181,756</u>

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The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	88,562	105,131	104,488
Additions	33,938	35,957	42,156
Credited to profit or loss	(17,369)	(36,600)	(25,249)
At the end of the year	<u>105,131</u>	<u>104,488</u>	<u>121,395</u>

29. OTHER PAYABLES AND ACCRUALS

The Group

	31 December		
	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 tax 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>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Provision	231,925	219,908	148,058
Salaries, wages and benefits payables	2,297,478	2,353,923	1,587,449
Total	<u>2,529,403</u>	<u>2,573,831</u>	<u>1,735,507</u>
Current			
Salaries, wages and benefits payables	1,151,173	1,043,835	1,295,579
Payables relating to purchases of items of property, plant and equipment	110,890	177,569	250,424
Deposits	325,993	304,771	292,033
Other tax payables	35,780	22,664	37,002
Provision	211,842	258,534	153,489
Output value-added tax to be transferred	56,227	53,662	50,532
Other payables and accruals*	594,786	491,467	413,677
Total	<u>2,486,691</u>	<u>2,352,502</u>	<u>2,492,736</u>

* Other payables and accruals mainly include consulting and professional service payables, advertising and promotion expenses payables and travelling expenses payables and are non-interest-bearing and repayable on demand.

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30. DEFERRED TAX

The Group

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross deferred tax assets	1,407,794	1,772,262	1,702,621
Offsetting against deferred tax liabilities	(94,923)	(74,844)	(135,873)
Net deferred tax assets	<u>1,312,871</u>	<u>1,697,418</u>	<u>1,566,748</u>
Gross deferred tax liabilities	263,286	883,541	848,491
Offsetting against deferred tax assets	(94,923)	(74,844)	(135,873)
Net deferred tax liabilities	<u>168,363</u>	<u>808,697</u>	<u>712,618</u>

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Deferred tax assets

The movements in deferred tax assets before offsetting during the Relevant Periods are as follows:

	Employee benefits	Tax losses	Loss allowance and impairment provision	Unrealised profits from internal transactions	Deferred revenue	Amortisation	Provision	Lease liabilities	Government grants	Accrued expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	390,606	28,695	49,112	75,415	63,169	46,015	64,253	48,616	13,941	14,230	22,232	816,284
Credited/(charged) to profit or loss . . .	179,272	261,632	71,611	2,564	(7,343)	12,107	17,808	14,494	2,384	4,097	31,135	589,761
Charged to reserves	(1,016)	—	—	—	—	—	—	—	—	—	—	(1,016)
Currency translation differences	262	(727)	(451)	1,166	—	—	43	78	—	361	2,033	2,765
At 31 December 2023 and 1 January 2024	569,124	289,600	120,272	79,145	55,826	58,122	82,104	63,188	16,325	18,688	55,400	1,407,794
Acquisition of subsidiaries (Note 35) . . .	—	—	1,089	10,856	326	—	—	1,156	—	4,857	—	18,284
Credited to profit or loss	30,511	27,325	54,189	135,568	38,351	24,994	10,446	3,403	3,367	2,696	19,196	350,046
Currency translation differences	(432)	3,097	(1,898)	(791)	—	(3)	9	(949)	—	(311)	(2,584)	(3,862)
At 31 December 2024 and 1 January 2025	599,203	320,022	173,652	224,778	94,503	83,113	92,559	66,798	19,692	25,930	72,012	1,772,262
(Charged)/credited to profit or loss . . .	(174,923)	26,696	57,457	(63,573)	92,783	(1,672)	(27,230)	9,970	8,215	(3,316)	3,100	(72,493)
Currency translation differences	119	(3,848)	2,378	2,009	—	14	(68)	2,001	—	192	55	2,852
At 31 December 2025	424,399	342,870	233,487	163,214	187,286	81,455	65,261	78,769	27,907	22,806	75,167	1,702,621

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Deferred tax liabilities

The movements in deferred tax liabilities before offsetting during the Relevant Periods are as follows:

	Business combinations	Right-of-use assets	Accelerated tax depreciation	Changes in fair value	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	183,128	45,981	15,224	–	–	244,333
Acquisition of subsidiaries (<i>Note</i> 35).	68,836	–	–	–	–	68,836
(Credited)/charged to profit or loss	(80,737)	14,411	(1,499)	11,910	–	(55,915)
Currency translation differences	5,931	101	–	–	–	6,032
At 31 December 2023 and 1 January 2024	177,158	60,493	13,725	11,910	–	263,286
Acquisition of subsidiaries (<i>Note</i> 35).	708,963	1,105	1,667	6,167	–	717,902
(Credited)/charged to profit or loss	(81,206)	1,963	(3,932)	(11,910)	–	(95,085)
Charged to reserves	–	–	–	1,863	–	1,863
Currency translation differences	(3,470)	(898)	(57)	–	–	(4,425)
At 31 December 2024 and 1 January 2025	801,445	62,663	11,403	8,030	–	883,541
(Credited)/charged to profit or loss	(67,047)	9,133	(4,141)	–	11,991	(50,064)
Charged to reserves	–	–	–	1,678	–	1,678
Currency translation differences	11,255	1,919	162	–	–	13,336
At 31 December 2025	745,653	73,715	7,424	9,708	11,991	848,491

Deferred tax assets not recognised

Balances of unused tax losses and deductible temporary differences for which no deferred tax assets have been recognised due to the unpredictability of future profits stream as at the end of each of the Relevant Periods are as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	1,827,459	1,854,205	1,858,462
Deductible temporary differences	950,145	864,701	1,137,594
Total	2,777,604	2,718,906	2,996,056

The expiry dates of the unrecognised tax losses as at the end of each of the Relevant Periods are as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	–	1,264	–
2026	–	5,808	1,328
2027	–	24,087	18,144
2028 and subsequent years	1,827,459	1,823,046	1,838,990
Total	1,827,459	1,854,205	1,858,462

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The Company

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross deferred tax assets	655,262	717,457	701,014
Offsetting against deferred tax liabilities	(22,993)	(7,656)	(4,563)
Net deferred tax assets	<u>632,269</u>	<u>709,801</u>	<u>696,451</u>
Gross deferred tax liabilities	22,993	7,656	4,563
Offsetting against deferred tax assets	(22,993)	(7,656)	(4,563)
Net deferred tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>

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Deferred tax assets

The movements in deferred tax assets before offsetting during the Relevant Periods are as follows:

	Employee benefits	Loss allowance and impairment provision	Deferred revenue	Amortisation	Provision	Lease liabilities	Government grants	Accrued expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	307,931	21,044	59,278	36,503	61,205	2,922	13,284	9,226	4,723	516,116
Credited/(charged) to profit or loss	106,285	38,623	(8,088)	(3,009)	993	(1,641)	2,486	4,219	294	140,162
Charged to reserves	(1,016)	—	—	—	—	—	—	—	—	(1,016)
At 31 December 2023 and 1 January 2024	413,200	59,667	51,190	33,494	62,198	1,281	15,770	13,445	5,017	655,262
(Charged)/credited to profit or loss	(30,990)	40,923	38,480	5,309	9,568	322	(97)	(1,113)	(207)	62,195
At 31 December 2024 and 1 January 2025	382,210	100,590	89,670	38,803	71,766	1,603	15,673	12,332	4,810	717,457
(Charged)/credited to profit or loss	(122,020)	33,145	89,598	11,085	(26,534)	(670)	2,536	(3,773)	190	(16,443)
At 31 December 2025	260,190	133,735	179,268	49,888	45,232	933	18,209	8,559	5,000	701,014

During the Relevant Periods, the Company did not have any unrecognised tax losses and deductible temporary differences.

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Deferred tax liabilities

The movements in deferred tax liabilities before offsetting during the Relevant Periods are as follows:

	Right-of-use assets	Accelerated tax depreciation	Changes in fair value	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2022 and 1 January 2023	2,653	12,129	–	14,782
(Credited)/charged to profit or loss	(1,412)	(2,287)	11,910	8,211
At 31 December 2023 and 1 January 2024	1,241	9,842	11,910	22,993
Charged/(credited) to profit or loss	310	(3,737)	(11,910)	(15,337)
At 31 December 2024 and 1 January 2025	1,551	6,105	–	7,656
Credited to profit or loss	(629)	(2,464)	–	(3,093)
At 31 December 2025	922	3,641	–	4,563

31. SHARE CAPITAL AND TREASURY SHARES

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share capital	1,212,441	1,212,441	1,212,441

	Number of registered, issued and fully paid ordinary shares	Share capital	Treasury shares
		<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	1,212,441,394	1,212,441	(999,991)
Vesting of shares under employee stock ownership plan (<i>note (a)</i>)	–	–	336,714
At 31 December 2023	1,212,441,394	1,212,441	(663,277)
At 1 January 2024	1,212,441,394	1,212,441	(663,277)
Vesting of shares under employee stock ownership plan (<i>note (a)</i>)	–	–	285,666
Disposal of unvested treasury shares under employee stock ownership plan (<i>note (a)</i>)	–	–	39,846
At 31 December 2024	1,212,441,394	1,212,441	(337,765)
At 1 January 2025	1,212,441,394	1,212,441	(337,765)
Disposal of unvested treasury shares under employee stock ownership plan (<i>note (a)</i>)	–	–	127,196
At 31 December 2025	1,212,441,394	1,212,441	(210,569)

(a) Further details of the employee stock ownership plan are contained in note 33 to the Historical Financial Information.

32. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received, and the accrual of put options held by non-controlling interests.

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(b) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group’s presentation currency.

(c) Equity-settled share-based payment reserve

The equity-settled share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share awards, details of which are set out in note 33 to the Historical Financial Information.

(d) Fair value reserve

The fair value reserve of the Group represents the fair value movement of equity investments designated at FVOCI.

(e) Merger reserve

The merger reserve of the Group represents the difference between the aggregate of the then net assets of the subsidiaries acquired and the consideration paid by the Group for the business combination under common control.

(f) Other reserve

The other reserve of the Group represents the share of the associate’s share premium and other reserves, and the purchase of interests of non-controlling shareholders and other reserves.

(g) Statutory surplus reserve

In accordance with the Company Law of the PRC, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the company’s registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the company. The statutory reserve is not available for dividend distribution to shareholders of the PRC companies.

The Company

	Share premium	Equity-settled share-based payment reserve	Other reserve	Statutory surplus reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	4,978,839	483,314	108,886	607,846	24,101,603	30,280,488
Profit for the year	–	–	–	–	12,031,471	12,031,471
Vesting of shares under employee stock ownership plan	(18,548)	(252,712)	–	–	–	(271,260)
Recognition of equity-settled share-based payments	–	246,809	–	–	–	246,809
Dividend declared to shareholders.	–	–	–	–	(10,667,910)	(10,667,910)
Others	–	–	(1,016)	–	5,306	4,290
At 31 December 2023	<u>4,960,291</u>	<u>477,411</u>	<u>107,870</u>	<u>607,846</u>	<u>25,470,470</u>	<u>31,623,888</u>
At 1 January 2024	4,960,291	477,411	107,870	607,846	25,470,470	31,623,888
Profit for the year	–	–	–	–	10,896,105	10,896,105
Recognition of equity-settled share-based payments	–	(104,853)	–	–	–	(104,853)
Vesting of shares under employee stock ownership plan	(17,520)	(238,726)	–	–	–	(256,246)
Disposal of unvested treasury shares under employee stock ownership plan	(2,217)	–	–	–	–	(2,217)
Dividend declared to shareholders.	–	–	–	–	(8,726,791)	(8,726,791)
At 31 December 2024	<u>4,940,554</u>	<u>133,832</u>	<u>107,870</u>	<u>607,846</u>	<u>27,639,784</u>	<u>33,429,886</u>
At 1 January 2025	4,940,554	133,832	107,870	607,846	27,639,784	33,429,886
Profit for the year	–	–	–	–	9,426,788	9,426,788
Disposal of unvested treasury shares under employee stock ownership plan	(24,718)	–	–	–	–	(24,718)
Dividend declared to shareholders.	–	–	–	–	(5,610,080)	(5,610,080)
At 31 December 2025	<u>4,915,836</u>	<u>133,832</u>	<u>107,870</u>	<u>607,846</u>	<u>31,456,492</u>	<u>37,221,876</u>

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33. SHARE-BASED PAYMENTS

(a) Employee Stock Ownership Plan of the Company

In accordance with the “Proposal on <2022 Employee Stock Ownership Plan (Draft)> and Its Summary” (“Employee Stock Ownership Plan”) deliberated and approved at the first extraordinary shareholders’ meeting on 10 February 2022, the Company granted 3,048,662 shares (the “underlying shares”) to the Employee Stock Ownership Plan at the subscribe price of RMB50 per share. The Company determines the fair value of the underlying shares at the grant date based on the closing price of the Company’s shares on the same day (10 February 2022) less the subscription price.

The underlying shares granted under the Employee Stock Ownership Plan will vest in three periods, which are 12 months, 24 months and 36 months, respectively, since the date on which the Company declares that the last underlying shares have been transferred to the Employee Stock Ownership Plan account. The lock-up period is up to 36 months, and the proportions to be unlocked in the periods are 1/3, 1/3 and 1/3, respectively.

The total share-based payment expenses recognised in the consolidated statements of profit or loss and other comprehensive income for shares under the Employee Stock Ownership Plan were approximately RMB230,433,000 for the years ended 31 December 2023.

The total share-based payment expenses reversed in the consolidated statements of profit or loss and other comprehensive income for shares under the Employee Stock Ownership Plan were approximately RMB97,688,000 for the year ended 31 December 2024, as the Group failed to meet the performance conditions under the Employee Stock Ownership Plan.

As at 31 December 2025, the Employee Stock Ownership Plan of the Company had been fully executed, and the total share-based payment expenses recognised in the consolidated statements of profit or loss and other comprehensive income for shares under the Employee Stock Ownership Plan of the Company were nil for the year ended 31 December 2025.

Movements of outstanding shares under the Employee Stock Ownership Plan during the year are as follows:

	<u>Number of shares</u>
Outstanding as at 1 January 2023	2,994,362
Vested	(975,721)
Forfeited	(124,600)
Outstanding as at 31 December 2023	<u>1,894,041</u>
Outstanding as at 1 January 2024	1,894,041
Vested	(921,721)
Forfeited	(972,320)
Outstanding as at 31 December 2024, 1 January 2025, and 31 December 2025	<u><u>–</u></u>

(b) Employee Stock Ownership Plan of the subsidiary

On 23 April 2021, APT Medical Inc. held the first extraordinary general meeting of shareholders in 2021, deliberating and approving the “Proposal on the <2021 Restricted Stock Incentive Plan of APT Medical Inc. (Draft)> and Its Summary” and the “Proposal on <Implementation and Assessment Measures for the 2021 Restricted Stock Incentive Plan of APT Medical Inc.>”.

Pursuant to the resolutions, APT Medical Inc. granted Class II restricted stocks to its employees (the “APT Employee Stock Ownership Plan”). On 26 April 2021, APT Medical Inc. granted 500,000 Class A incentive shares (the “2021 APT Class A Employee Stock Ownership Plan”) at the price of RMB204.78 per share and 428,500 Class B incentive shares (the “2021 APT Class B Employee Stock Ownership Plan”) at the price of RMB184.30 per share to eligible directors, senior management, and core technology and core business personnel. 50% and 50% of the shares granted under the 2021 APT Class A Employee Stock Ownership Plan will vest in 36 and 60 months since the grant date, respectively. 40%, 30% and 30% of shares granted under the 2021 APT Class B Employee Stock Ownership Plan will vest in 24, 36 and 48 months since the grant date, respectively.

On 13 April 2022, APT Medical Inc. further granted 125,000 Class A incentive shares (the “2022 APT Class A Employee Stock Ownership Plan”) at the price of RMB204.28 per share and 96,500 Class B incentive shares (the “2022 APT Class B Employee Stock Ownership Plan”) at the price of RMB183.80 per share to eligible directors, senior management, and core technology and core business personnel. 50% and 50% of the shares granted under the 2022 APT Class A Employee Stock Ownership Plan will vest in 24 and 48 months since the grant date, respectively. 40%, 30% and 30% of shares granted under the 2022 APT Class B Employee Stock Ownership Plan will vest in 12, 24 and 36 months since the grant date, respectively.

The fair value of the underlying shares of the APT Employee Stock Ownership Plan on the grant date is determined using the Black-Scholes model.

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The total share-based payment expenses recognised in the consolidated statements of profit or loss and other comprehensive income for shares under the APT Employee Stock Ownership Plan are approximately RMB3,288,000 and RMB4,769,000 for the period since the date of acquisition to 31 December 2024 and the year ended 31 December 2025, respectively.

34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows the details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests.

APT Medical Inc.	Percentage of equity interest held by non-controlling interests	Profit allocated to non-controlling interests	Dividend paid to non-controlling interests	Accumulated non-controlling interests
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024/Period from 30 April 2024 to 31 December 2024	75.50%	81,981	100,905	4,668,360
As at 31 December 2025/Year ended 31 December 2025	73.39%	322,602	128,433	4,687,765

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	31 December 2024	31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	1,617,908	2,122,234
Non-current assets	5,618,996	5,346,049
Total assets	7,236,904	7,468,283
Current liabilities	405,969	458,960
Non-current liabilities	660,172	637,129
Total liabilities	1,066,141	1,096,089
	Period from 30 April 2024 to 31 December 2024	Year ended 31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,438,668	2,583,927
Profit for the period/year	113,156	436,104
Total comprehensive income for the period/year	90,147	436,511
Net cash generated from operating activities for the period/year	577,968	967,760

35. BUSINESS COMBINATION

DiaSys Group

In November 2023, the Group acquired a 75.00% interest in DiaSys Group from an independent third party. The consideration for the acquisition was RMB947,054,000. The acquisition was made as part of the Group’s strategy to expand its market share of *in vitro* diagnostic products.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired at the non-controlling interests’ proportionate share of the acquired subsidiaries’ identifiable net assets.

The fair values of the identifiable assets and liabilities of DiaSys Group as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB'000</i>
Property, plant and equipment	14	56,309
Other intangible assets	18	464,232
Prepayments, other receivables and other assets – non-current		28,402
Right-of-use assets	16	28,343
Financial assets at FVOCI		4,202
Cash and cash equivalents		23,909
Restricted cash		2,270

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	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB’000</i>
Trade and bills receivables		154,704
Prepayments, other receivables and other assets – current.		29,465
Inventories		121,534
Trade payables		(66,690)
Bank borrowings	37	(28,236)
Lease liabilities	16 & 37	(28,343)
Other payables and accruals		(41,313)
Deferred tax liabilities	30	(68,836)
Total identifiable net assets at fair value		<u>679,952</u>
Non-controlling interests		(185,751)
Goodwill on acquisition	17	452,853
Satisfied by:		
Cash consideration paid in 2023		894,731
Cash consideration paid in 2024		52,323
Total		<u>947,054</u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB’000</i>
Cash consideration	(947,054)
Cash and cash equivalents acquired	23,909
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(923,145)</u>

Since the acquisition, DiaSys Group contributed RMB34,769,000 to the Group’s revenue and RMB18,127,000 to the consolidated loss for the year ended 31 December 2023.

APT Medical Inc.

In April 2024, the Group acquired a 24.61% interest in APT Medical Inc. from independent third parties. The consideration for the acquisition was RMB7,667,337,000. The acquisition was made as part of the Group’s strategy to expand its market share of minimally invasive intervention products.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired at the non-controlling interests’ proportionate share of the acquired subsidiaries’ identifiable net assets.

The fair values of the identifiable assets and liabilities of APT Medical Inc. as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB’000</i>
Property, plant and equipment	14	608,860
Other intangible assets	18	4,493,488
Right-of-use assets	16	89,583
Prepayments, other receivables and other assets – non-current		395,902
Financial assets at FVOCI		121,148
Investments in associates		76,102
Deferred tax assets	30	10,875
Cash and cash equivalents		464,418
Term deposits		100,000
Financial assets at FVTPL		258,411
Trade and bills receivables		43,020
Prepayments, other receivables and other assets – current.		55,410
Inventories		425,892
Trade payables		(54,317)
Contract liabilities		(48,994)
Income tax payable		(1,392)
Bank borrowings	37	(1,379)
Lease liabilities	16 & 37	(14,403)
Other payables and accruals		(185,703)
Deferred tax liabilities	30	<u>(710,493)</u>

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	<i>Notes</i>	Fair value recognised on acquisition
		<u>RMB’000</u>
Total identifiable net assets at fair value		6,126,428
Non-controlling interests		(4,631,457)
Goodwill on acquisition	17	6,172,366
Satisfied by:		
Cash consideration paid in 2024		6,185,828
Fair value of equity investments held by the Group		1,481,509
Total		<u>7,667,337</u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB’000</i>
Cash consideration	(6,185,828)
Cash and cash equivalents acquired	464,418
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(5,721,410)</u>

Since the acquisition, APT Medical Inc. contributed RMB1,438,668,000 to the Group’s revenue and RMB113,156,000 to the consolidated profit for the year ended 31 December 2024.

36. ACQUISITION OF NON-CONTROLLING INTERESTS

In September 2025, the Group acquired an additional 2% equity interest in APT Medical Inc. A cash consideration of RMB700,038,000 was paid to the non-controlling shareholder. The following is an analysis of the additional interest acquired in APT Medical Inc.:

	<i>RMB’000</i>
Cash consideration paid to the non-controlling shareholder	700,038
Carrying amount of non-controlling interest acquired	(125,549)
Difference recognised in other reserve	<u>574,489</u>

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to the right-of-use assets and lease liabilities of RMB134,452,000, RMB79,577,000 and RMB145,355,000, respectively, in respect of lease arrangements.

(b) Changes in liabilities arising from financing activities

	<u>Dividends payable</u>	<u>Bank borrowings</u>	<u>Lease liabilities</u>	<u>Other payables for repurchase of shares under employee stock ownership plan</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	–	–	236,525	152,433	388,958
Changes from financing cash flows	(10,669,484)	(18,899)	(123,697)	(6,075)	(10,818,155)
Acquisition of subsidiaries (<i>Note 35</i>)	–	28,236	28,343	–	56,579
New lease arrangements	–	–	134,452	–	134,452
Accretion of interest	–	168	12,829	–	12,997
Modification of lease contracts	–	–	(11,818)	–	(11,818)
Exchange realignment	–	51	8,741	–	8,792
Dividends declared	10,669,484	–	–	–	10,669,484
Other non-cash movements	–	–	–	(65,959)	(65,959)
At 31 December 2023 and 1 January 2024	<u>–</u>	<u>9,556</u>	<u>285,375</u>	<u>80,399</u>	<u>375,330</u>
Changes from financing cash flows	(8,842,608)	(3,656)	(152,396)	(5,400)	(9,004,060)

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	Dividends payable	Bank borrowings	Lease liabilities	Other payables for repurchase of shares under employee stock ownership plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Acquisition of subsidiaries (<i>Note 35</i>)	–	1,379	14,403	–	15,782
New lease arrangements	–	–	79,577	–	79,577
Accretion of interest	–	812	18,560	–	19,372
Modification of lease contracts	–	–	32,576	–	32,576
Exchange realignment	–	(1,187)	13,487	–	12,300
Dividends declared	8,842,608	–	–	–	8,842,608
Other non-cash movements	–	–	–	(43,670)	(43,670)
At 31 December 2024	–	6,904	291,582	31,329	329,815

	Dividends payable	Bank borrowings	Lease liabilities	Other payables for repurchase of shares under employee stock ownership plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	–	6,904	291,582	31,329	329,815
Changes from financing cash flows	(5,742,037)	(3,568)	(154,440)	(48,989)	(5,949,034)
New lease arrangements	–	–	145,355	–	145,355
Accretion of interest	–	1,011	22,638	–	23,649
Modification of lease contracts	–	–	25,900	–	25,900
Exchange realignment	–	501	13,401	–	13,902
Dividends declared	5,760,351	–	–	–	5,760,351
Other non-cash movements	–	–	–	17,660	17,660
At 31 December 2025	18,314	4,848	344,436	–	367,598

The other non-cash movements mainly included vesting of shares under the employee stock ownership plan.

(c) **Total cash outflow for leases**

The total cash outflow for leases includes in the statement of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	79,435	81,106	83,641
Within financing activities	128,420	154,087	157,364
Total	207,855	235,193	241,005

38. **COMMITMENTS**

The Group had the following capital commitments as at the end of each of the Relevant Periods:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Plant and machinery	1,495,931	1,290,552	1,486,573

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39. RELATED PARTY TRANSACTIONS

The Group had the following transactions with associates during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchases of goods and services	–	10,175	25,629
Sales of goods and rendering of services	1	24,020	32,131
Provision of rental services	–	349	533
Payment of amounts received by related parties on behalf of the government	850	–	3,030
Receipt of amounts paid by related parties on behalf of the government	3,620	210	1,880

(a) Outstanding balances with associates:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills receivables – trade nature	–	–	158
Trade payables – trade nature	–	456	6,756
Other payables and accruals – trade/non trade nature	–	3,870	2,700

Amounts due from/to related parties are unsecured and repayable on demand.

(b) Transactions with key management personnel:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Compensation of key management personnel	132,561	139,479	119,843

In the opinion of the directors, the above transactions with related parties were conducted in the ordinary course of business and at prices and conditions as mutually agreed by the respective parties.

(c) Amounts due from/to subsidiaries:

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Financial assets</u>			
Financial assets at FVTPL	1,270,537	–	250,486
Financial assets at FVOCI	142,824	198,169	194,744
Financial assets at amortised cost:			
Trade and bills receivables	3,307,772	3,248,480	3,427,551
Financial assets included in prepayments, other receivables and other assets	345,191	359,532	446,932
Term deposits	1,616,082	1,664,629	5,349
Restricted cash	109,903	71,711	60,119
Cash and cash equivalents	18,668,419	14,907,726	17,624,904
Total	25,460,728	20,450,247	22,010,085

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	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
Financial liabilities at amortised cost:			
Trade payables	2,690,407	2,792,515	3,242,266
Financial liabilities included in other payables and accruals	2,435,524	2,433,031	2,412,749
Lease liabilities	285,375	291,582	344,436
Bank borrowings	9,556	6,904	4,848
Total	<u>5,420,862</u>	<u>5,524,032</u>	<u>6,004,299</u>

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management assessed that the fair values of cash and cash equivalents, term deposits, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, lease liabilities, bank borrowings and financial liabilities included in other payables and accruals approximated to their carrying amounts as at the end of each of the Relevant Periods due to the short-term maturities of these instruments.

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated using valuation techniques. The valuation models used are primarily the recent transaction price backsolve valuation method and the market listed company comparison method. The inputs used in the valuation technique mainly include recent transaction price of similar transactions, financial data of target company, discount for lack of marketability and control premium. For the fair value of the Group’s investments in unlisted companies, the Directors believe that there is no material equity price risk inherent in the Group’s financial assets at FVOCI.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
As at 31 December 2023				RMB'000
Financial assets at FVTPL	1,270,537	–	–	1,270,537
Financial assets at FVOCI	138,016	–	4,808	142,824
Total	<u>1,408,553</u>	<u>–</u>	<u>4,808</u>	<u>1,413,361</u>

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
As at 31 December 2024				RMB'000
Financial assets at FVOCI	114,517	–	83,652	198,169
Total	<u>114,517</u>	<u>–</u>	<u>83,652</u>	<u>198,169</u>

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
As at 31 December 2025				RMB'000
Financial assets at FVTPL	–	250,486	–	250,486
Financial assets at FVOCI	83,529	–	111,215	194,744
Total	<u>83,529</u>	<u>250,486</u>	<u>111,215</u>	<u>445,230</u>

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The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise financial assets at FVTPL, financial assets at FVOCI, cash and cash equivalents and term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit before tax
	%	RMB’000
Year ended 31 December 2023		
If the RMB weakens against the USD	3	206,420
If the RMB strengthens against the USD	(3)	(206,420)
Year ended 31 December 2024		
If the RMB weakens against the USD	3	288,370
If the RMB strengthens against the USD	(3)	(288,370)
Year ended 31 December 2025		
If the RMB weakens against the USD	3	353,890
If the RMB strengthens against the USD	(3)	(353,890)

Interest rate risk

For the Relevant Periods, the Group held limited interest-bearing financial instruments and had no significant interest rate risk.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Maximum exposure and staging as at the end of each of the Relevant Periods

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	–	–	–	3,667,921	3,667,921
Financial assets included in prepayments, other receivables and other assets	345,659	–	–	–	345,659
Term deposits	1,616,082	–	–	–	1,616,082
Restricted cash	109,903	–	–	–	109,903
Cash and cash equivalents	18,668,419	–	–	–	18,668,419
Total	<u>20,740,063</u>	<u>–</u>	<u>–</u>	<u>3,667,921</u>	<u>24,407,984</u>

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As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	3,898,032	3,898,032
Financial assets included in prepayments, other receivables and other assets	360,676	–	–	–	360,676
Term deposits	1,664,629	–	–	–	1,664,629
Restricted cash	71,711	–	–	–	71,711
Cash and cash equivalents	14,907,726	–	–	–	14,907,726
Total	<u>17,004,742</u>	<u>–</u>	<u>–</u>	<u>3,898,032</u>	<u>20,902,774</u>

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	4,272,836	4,272,836
Financial assets included in prepayments, other receivables and other assets	448,543	–	–	–	448,543
Term deposits	5,349	–	–	–	5,349
Restricted cash	60,119	–	–	–	60,119
Cash and cash equivalents	17,624,904	–	–	–	17,624,904
Total	<u>18,138,915</u>	<u>–</u>	<u>–</u>	<u>4,272,836</u>	<u>22,411,751</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

Liquidity risk

The Group’s objective is to maintain sufficient cash and cash equivalents and have available funding through operations and financial support from bank borrowings.

The maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 12 months or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,690,407	–	–	–	2,690,407
Financial liabilities included in other payables and accruals	2,041,091	–	–	394,433	2,435,524
Lease liabilities	115,245	104,568	92,185	34,959	346,957
Bank borrowings	8,175	594	787	–	9,556
Total	<u>4,854,918</u>	<u>105,162</u>	<u>92,972</u>	<u>429,392</u>	<u>5,482,444</u>

As at 31 December 2024

	Less than 12 months or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,792,515	–	–	–	2,792,515
Financial liabilities included in other payables and accruals	2,053,367	–	–	379,664	2,433,031

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	Less than 12 months or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities	132,688	89,678	88,380	28,034	338,780
Bank borrowings	6,559	–	345	–	6,904
Total	<u>4,985,129</u>	<u>89,678</u>	<u>88,725</u>	<u>407,698</u>	<u>5,571,230</u>

As at 31 December 2025

	Less than 12 months or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables	3,242,266	–	–	–	3,242,266
Financial liabilities included in other payables and accruals . .	1,997,276	–	–	415,473	2,412,749
Lease liabilities	142,713	109,381	115,676	25,843	393,613
Bank borrowings	785	–	4,063	–	4,848
Total	<u>5,383,040</u>	<u>109,381</u>	<u>119,739</u>	<u>441,316</u>	<u>6,053,476</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group’s total capital is calculated as equity as shown in the consolidated statement of financial position. The Group is not subject to any external mandatory capital requirements and monitors its capital on the basis of gearing ratio. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total liabilities	14,593,964	15,885,368	16,255,447
Total assets	47,940,003	56,643,545	59,266,767
Gearing ratio	<u>30.4%</u>	<u>28.0%</u>	<u>27.4%</u>

43. EVENTS AFTER THE RELEVANT PERIODS

On 27 March 2026, the board of directors proposed the final cash dividend of RMB3.1 (inclusive of tax) for every 10 ordinary shares to all shareholders of the Company’s A shares on the relevant record date.

On 28 April 2026, the board of directors proposed the interim cash dividend of RMB12.5 (inclusive of tax) for every 10 ordinary shares to all shareholders of the Company’s A shares on the relevant record date.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.