mindray 迈瑞

2023

Annual Report Summary

Contents

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01 Important Notes

This annual report summary is extracted from the full text of the annual report. Investors who wish to understand the operating results, financial conditions and future development plan of the Company should carefully read the full text of annual report on such media designated by China Securities Regulatory Commission.

All directors of the Company have attended the board meeting to review the report.

PricewaterhouseCoopers Zhongtian LLP's audit opinions on the annual financial report of the Company are: standard unqualified opinions.

Changes in the accounting firm during the Reporting Period: The Company has not changed the accounting firm, which is still PricewaterhouseCoopers Zhongtian LLP (Special General Partnership).

Notice of non-standard audit opinions

☐ Applicable √ Not applicable

The Company was unprofitable when it went public, and it is currently unprofitable

☐ Applicable √ Not applicable

The plan on distribution of dividends on ordinary shares or conversion of equity reserve into share capital of the Company considered by the Board during the Reporting Period

√ Applicable ☐ Not applicable

The plan of the Company on the distribution of dividends on ordinary shares which was considered and approved at the Board meeting is as follows: Based on the Company's total share capital of 1,212,441,394 shares as of December 31, 2023, the Company distributes a cash dividend of RMB 15 (tax inclusive) for every 10 shares held. There will be no bonus shares or conversion of capital reserve into share capital of the Company.

The plan of the Company on distribution of dividends on preferred shares in this Reporting Period which was considered and approved at the Board meeting

☐ Applicable √ Not applicable

02 Management Discussion and Analysis

1. Company profile

Stock Abbreviation	Mindray	Stock Code	300760
Stock Exchange Which Shares Are Listed	Shenzhen Stock Exchange		
Contacts and Contact Methods	Board Secretary	Securities Affairs Representative	
Name	Li Wenmei	Qian Yuhao, Huang Xingxing	
Office Address	Floors 1-4, Mindray Building, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen City	Floors 1-4, Mindray Building, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen City	
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2. Management Discussion and Analysis

2024 is a crucial year of tackling key challenges for the deep implementation of the "14th Five-Year Plan" period and marks a pivotal year for reform and innovation in the healthcare industry, strengthening the foundation, and achieving comprehensive improvement in China. In the context of fully implementing the "Healthy China" strategy, China is increasingly focusing on the intrinsic development of medical institutions and the capacity building of the grassroots healthcare service system. As a result, the domestic medical device industry is expected to play a more crucial role in satisfying the growing healthcare needs of the public. Additionally, with the acceleration of population aging and efforts to strengthen healthcare systems, which are gradually entering an ideal state overseas, the worldwide medical device market is continuing to experience sustained growth.

Over the past several years, thanks to the innovative clinical value, reliable product quality, and excellent after-sales service, a number of products from the Company's three major business segments have accelerated the pace at which they establish their presence among new high-end customers both domestically and internationally, leading to a rapid increase in Mindray's influence and visibility. More importantly, the Company has preliminarily established the "Equipment+IT+AI" smart ecosystem. By creatively integrating the intelligent ecosystem with devices and leveraging big data and artificial intelligence (AI), we offer complete digital smart solutions for hospital-wide use in medical institutions. This approach also enhances the Company's penetration in the global high-end customer market and strengthens brand stickiness.

In the future, the Company will keep focusing on the main business and enhance its overall capabilities in various areas, including product R&D and innovation, domestic and international marketing expansion, and the establishment of local platforms. Building on its successes in breaking through new customer groups, the Company will consistently strive to increase its products' market share. In the meantime, the Company will continue to strengthen internal management quality and operational efficiency, ensuring sustainable and healthy growth in revenue and net profit.

During the Reporting Period, the Company achieved a total revenue of RMB 34,931.90 million, representing a YoY increase of 15.04%, and a net profit attributable to shareholders of RMB 11,582.23 million, representing a YoY increase of 20.56%.

During the Reporting Period, there were no significant changes in the main business of the Company.

the Company achieved a total revenue of RMB

34,931.90 million

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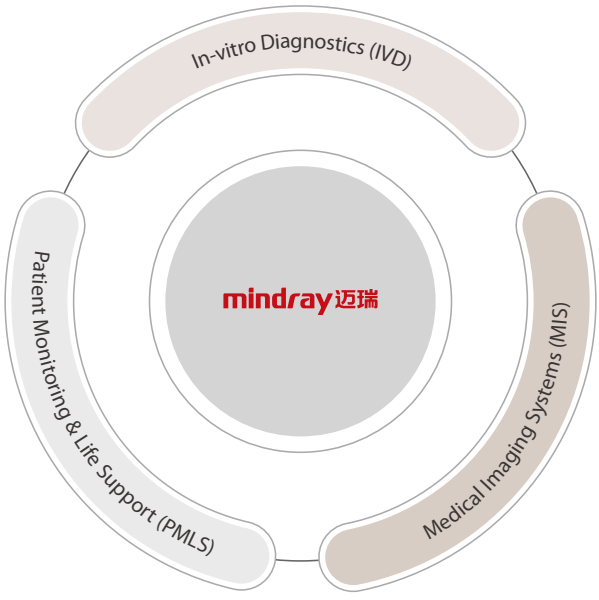
20.56%

(I) Overview of the Company's Main Business and Product Offerings

We are principally engaged in the R&D, manufacturing and marketing of medical devices and relevant services. By innovations in technology and integration, the Company aligns with the clinical needs and bolsters medical institutions in delivering quality healthcare services. In doing so, the Company contributes to global efforts to improve healthcare conditions and reduce healthcare costs.

The principal products of the Company mainly cover three areas, namely Patient Monitoring & Life Support (PMLS), In-vitro Diagnostics (IVD), and Medical Imaging Systems (MIS). The Company owns the most complete product lines in its industry in China and meets clinical demands with safe, efficient, and easy-to-use "one-stop" products and IT solutions.

After years of development, the Company has become a world-leading supplier of medical devices and solutions. Headquartered in Shenzhen, China, the Company has 62 international subsidiaries in about 40 countries in North America, Europe, Asia, Africa, Latin America, and other regions as well as 26 subsidiaries and more than 30 branches in China. An R&D innovation platform based on global resource allocation has been established, with 12 R&D centers in Shenzhen, Wuhan, Nanjing, Beijing, Xi'an, Chengdu, Hangzhou, the United States (Silicon Valley, New Jersey, and Minnesota), HyTest in Finland, and DiaSys Diagnostic in Germany, forming a huge global network that integrates R&D, sales and marketing, and services.



During the Reporting Period, with the rapid resumption of routine diagnosis and treatments in domestic hospitals since March, the consumption of IVD reagents has experienced a significant recovery. Additionally, with accelerated breakthroughs in medium to large volume customer segments in the international market, the IVD segment has recorded an annual increase of over 20%. Furthermore, its performance in the international market has maintained a compound annual growth rate (CAGR) of over 30% for two consecutive years. Although the implementation of the new healthcare infrastructure buildup plans and the revival of international market demand have positively impacted the PMLS segment, anticorruption actions in the healthcare industry since August have led to widespread delays in domestic equipment bidding and procurement. As a result, growth in this segment has decelerated in the latter half of 2023. Despite these challenges, the emering business minimally invasive surgery has maintained an annual growth rate exceeding 30%. Although regular procurement of ultrasound in the domestic market has resumed since March, and trading volume of mid-to-high-end ultrasound in the international market has significantly increased, anticorruption actions in the healthcare industry have also led to delays in the bidding and procurement processes for ultrasound. Notably, leveraging its robust product competitiveness and stringent compliance system, the Company has capitalized on the current market conditions to expand its market share. For the first time, the Company has surpassed the leading imported brand, becoming the No. 1 manufacturer in the domestic ultrasound industry.

1. Patient Monitoring & Life Support

The Company's products include patient monitors, ventilators, defibrillators, anesthesia machines, operating tables, surgical lights, medical supply units, infusion pumps, electrocardiographs, and operating rooms/intensive care units (OR/ICU) complete solutions and a series of other patient monitoring & life support instrument solutions, as well as surgical endoscopic systems, cold light sources, insufflators, optical endoscopes, ultrasonic surgical & electrosurgical energy platforms, minimally invasive surgical instruments and surgical consumables, and a series of other minimally invasive surgical products.

During the Reporting Period, the PMLS segment recorded a total revenue of RMB 15,251.83 million, representing a YoY growth of 13.81%, with the sales of minimally invasive surgery up by over 30% and the market share of the rigid endoscopic systems rising to the third place in China. In the domestic market, the expansion of ICU wards significantly drove the new healthcare infrastructure buildup plans in the first half of 2023, providing a substantial boost to the PMLS segment. However, the anticorruption actions in the healthcare industry led to inevitable delays in bidding and procurement activities, adversely affecting this segment. Moreover, the postponement of medical special-purpose bond issuance in the fourth quarter further impacted the advancement of the new healthcare infrastructure buildup plans, leading to a weakened performance for the PMLS segment in the latter half of 2023. However, it should be noted that the regulatory actions in the industry has not impacted the demand for devices, whether through regular bidding and procurement or the new healthcare infrastructure buildup plans. The procurements that have been delayed are expected to be fully executed in the future. By the end of the Reporting Period, according to the Company, the addressable market for new healthcare infrastructure buildup plans within the domestic market remained above RMB 20 billion. This is expected to contribute positively to the growth of the PMLS segment in the next two years. In the overseas market, although production capacity was primarily tilted towards domestic needs during the first quarter of the Reporting Period, it was fully restored to international market starting from the second quarter. Additionally, the procurement demand in the international market has mostly recovered, leading to growth in the PMLS segment overseas in the latter half of 2023, surpassing 20%. World-class product competitiveness has enabled the PMLS segment's accelerated penetration into the high-end customer base. Our products have made their way into more elite hospitals in countries such as the US, UK, France, Spain, Australia, Brazil, Mexico, and Turkey. The Company is increasingly broadening

the PMLS segment recorded a total revenue of RMB

15,251.83 million

representing a YoY growth of

13.81%

with the sales of minimally invasive surgery up by over

30%

its competitive edge with enhanced product offerings and IT solutions. Considering the relatively low market share overseas, the PMLS segment has considerable potential for sustained and rapid growth in the international market over the long term.

During the Reporting Period, the Company unveiled a range of new products and solutions in the PMLS segment, including the Sub-Acute Care Ecology, UX5 Series 4K/NIR/3D Endoscope Camera System, 5mm Rigid Endoscope, Ultrasonic Surgical & Electrosurgical Energy Platform, BeneHeart DX/D60/D30 Defibrillator/Monitor, BeneFusion i/u series infusion systems, New uMEC100/120/150 patient monitor, A7/A5 Anesthesia System, TV80/TV50 Transport Ventilator, HyBase V9 Operating Table, 4K Digital OR system, HyLED C Series LED Surgical Light, mWear Wearable Patient Monitoring System, and Portable Veterinary Monitor Vetal 3.

As the major products in the PMLS segment have become the world lead because of technology improvement, significant progress has been made in penetrating high-end customers and the brand influence has also been greatly enhanced over the past years. This business segment will fully leverage the Company's advantage in undergoing digital intelligent transformation to better build Mindray's image as a leading player in the global medical device industry.

2. In-vitro Diagnostics

The Company offers a series of products, including chemiluminescence immunoassay (CLIA) analyzers, hematology analyzers, biochemistry analyzers, coagulation analyzers, urine analyzers, microbiology diagnostic systems, flow cytometers, etc., and related reagents, which obtain clinical diagnostic information by detecting human samples such as blood, body fluids, and tissues.

During the Reporting Period, the IVD segment achieved a total revenue of RMB 12,421.45 million, representing a YoY growth of 21.12%. Specifically, its performance in the international market has maintained a CAGR of over 30% for two consecutive years. China has experienced a rapid recovery of diagnosis and treatment activities since March, including routine emergency medical treatments, physical examinations, and surgeries. This has led to a corresponding rebound in IVD reagent consumption in the domestic market. Besides, instruments such as the hematology analyzer BC-7500, CLIA analyzer CL-8000i, biochemistry analyzer BS-2800M, coagulation analyzer CX-9000, and the TLA still delivered impressive installation figures. Over 2,000 units of the BC-7500 series were installed, further solidifying our position as the No. 1 industry player in the domestic hematology market. And it has brought in over RMB 1 billion in revenue for the entire year, marking the first time a new product

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Specifically, its performance in the international market has maintained a CAGR of over

30%

has reached the RMB 1 billion revenue milestone within just three years of its launch. The new CLIA installations have exceeded 2,000 units in the domestic market, with high-speed models accounting for nearly 60%. Most importantly, the Company's breakthroughs into large-volume customer segments have continued to accelerate. This has fueled the Company's CLIA business, allowing it to surpass an imported brand in domestic market share for the first time and achieve the fourth position. On the international front, the Company has ramped up its local platform capacity-building efforts in overseas IVD markets. Through both M&As and our self-build endeavors, we have been focused on areas like production, logistics, clinical support, and IT services. On top of that, the Company's penetration into the medium to large volume customer segments abroad keeps speeding up. We have successfully made our way into over 100 overseas private laboratory chains. Additionally, leveraging the technological innovation and clinical value established by the hematology product line, the Company is further strengthening its collaboration with overseas private laboratories. Specifically, the Company has become the exclusive hematology supplier for the largest laboratory in Latin America, DASA, and plans to use this opportunity to horizontally expand and penetrate into more business areas.

To sustain the high-speed growth of the IVD segment in the future, the Company is increasing its R&D investment in this business segment. Moreover, the Company has launched new "blockbuster" products during the Reporting Period that will provide a solid foundation for the continued growth of the IVD segment. These products include the Antibody to Hepatitis C Virus (CLIA), Aldosterone (CLIA), Renin (CLIA), Interleukin-6 (CLIA), CX-6000 automated coagulation analyzers, hs-cTnI (CLIA), NT-proBNP (CLIA), MT 8000 Laboratory Intelligent Automation System.

As the IVD product line continues to accumulate technologies and innovate its products, the gap between the Company and imported brands in this field will narrow further, or even be eliminated. Moreover, the Company is expected to surpass these imported brands in some clinical applications and features, and gradually evolve into a provider of IVD product portfolio and IT solutions that can support hospitals setting up standardized laboratories. Over the next few years, the Company will further enhance its competitive edge in the domestic market, while strengthening business development and platform capabilities in the international market. By doing so, the Company will gradually establish brand influence and make a significant contribution to long-term, rapid growth in its operating performance.

3. Medical Imaging Systems

The Company offers products including ultrasound diagnostic systems, digital radiography, and PACS. For ultrasound diagnostic systems, the Company provides hospitals, clinics, and imaging centers with a full range of ultrasound diagnostic systems, spanning from premium high-end to low-end models, as well as dedicated solutions tailored to different sub-sectors of clinical specialties covering radiology, obstetrics and gynecology, intervention, emergency, anesthesia, critical care, liver fibrosis, etc. For digital radiography, the Company offers a variety of digital imaging solutions for radiology departments, ICUs, and emergency departments, including mobile, double column, and ceiling-suspended digital radiography.

During the Reporting Period, the MIS segment recorded a total revenue of RMB 7,033.54 million, representing a YoY growth of 8.82%, with high-end ultrasound sales up by over 20%. Although regular procurement of ultrasound in the domestic market has resumed since March, anticorruption actions implemented at the end of July within the healthcare industry have caused significant delays in the bidding and procurement processes for ultrasound, adversely affecting the performance of the MIS segment in the latter half of 2023. Notably, leveraging its robust product competitiveness and stringent compliance system, the Company has capitalized on the current market conditions to expand its market share. For the first time, the Company has surpassed the leading imported brand, becoming the No.1 manufacturer in the domestic ultrasound industry. In the meantime, at the end of 2023, the Company launched the first domestically-produced, premium high-end ultrasound

system Resona A20 in China, marking its ultrasound technology's ascent to international first-class status. However, imported brands still dominate the domestic ultrasound market, holding nearly 60% share. Moving forward, by intensifying efforts in the premium high-end sector, the Company aims to strengthen its position as the No.1 leader in the domestic market. In the international market, despite the continued impact of a sluggish macroeconomic environment on the demand for mid-to-low-end ultrasounds, the Company promptly adjusted its marketing strategy. It increased investments in the high-end overseas market, including being proactive in hosting international academic seminars and promoting exchanges between renowned hospitals both domestically and internationally. These initiatives have driven growth in high-end ultrasound models by over 25%, accelerated breakthroughs with high-end customers, and enabled the ultrasound business to achieve a top 3 globally in the industry for the first time.

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During the Reporting Period, the Company has launched a range of blockbuster new products in the MIS segment, such as the premium high-end ultrasound system Resona A20, the high-end cardiovascular ultrasound system Recho R9, the high-end cart-based ultrasound system Resona 7 Platinum Edition, the high-end cart-based ultrasound system Hepatus 9 for physical examination, Handheld ultrasound TE Air, and the digital radiography upgrade solution for conventional X-Ray system RetroPad, the Vetus 60 Series Veterinary Diagnostic Ultrasound System, and the VetiX S300 Veterinary DR Imaging System.

Moving forward, the Company will continue to prioritize clinical customer needs and develop comprehensive clinical solutions in

areas such as obstetrics and gynecology, cardiovascular, anesthesia, and intervention. Furthermore, by accumulating technologies in the field of premium high-end ultrasound, the Company aims to achieve breakthroughs in high-end customer groups at home and abroad and increase market share.

Based on the Company's continuously improved core competitive edges in its product portfolio and cost-effectiveness across its three major business segments, coupled with its ability to provide holistic solutions for hospital-wide use and an intelligent ecosystem, the Company has gradually evolved from a supplier of medical device products to a solution provider, capable of enhancing the overall diagnosis and treatment capacity of medical institutions.

(II) Transforming from an equipment supplier into an Intelli-Digital Solution Provider

During the Reporting Period, the Company rapidly expanded the intra-hospital application scenarios within its "M-Connect" IT Solution while actively promoting the Mindray InnoLab IT Solution and the MiCo+ Medical Imaging IT Solution. By employing the "Intelli-Digital" solution, the Company offers complete solutions for hospital-wide use, tailored to clinical settings and individual customer needs.

1. Continuous Upgrade of the Intelligent Ecosystem

(1) M-Connect IT Solutions

During the Reporting Period, the Company ramped up its efforts to promote M-Connect IT solutions for intra-hospital use. Leveraging its positioning and strengths across a range of products such as patient monitors, anesthesia machines, ventilators, infusion pumps, etc., the Company has launched a variety of solutions that can be applied across multiple healthcare scenarios, including hospital-wide solutions as well as solutions for critical care, perioperative care, emergency care, cardiology, general care, etc. The goal is to comprehensively elevate hospital management through information technology, improve operational efficiency across departments, assist healthcare professionals in addressing various challenges with ease, prioritize patient-centered care, and ultimately enhance the overall quality of healthcare services. By integrating data from all bedside equipment and building a holographic database of devices, the Company aims to complement and organically integrate with the existing clinical databases of hospitals, in order to boost scientific research on big data, lay a solid foundation for the AI application, and accelerate the scientific research outputs of hospitals.

The recently introduced M-Connect BeneVision^{+} Status monitoring solution brings innovation in the form of iStatus for patient state monitoring and evaluation, along with iAlarm, an intelligent alarm chain. This solution allows hospitals to better consolidate, analyze, and utilize raw physiological data. Moreover, it provides clinicians with more precise patient state monitoring, evaluation, and alarm.

iStatus, in particular, provides the state monitoring feature, breaking through conventional equipment limitations. It enables organic integration of various information such as patient monitoring, respiration, drug infusion, as well as ultrasound imaging and videos through wireless IoT technology. This assists clinicians by enabling them to monitor the state of patients in a panoramic view on a single screen simultaneously. The information is organized and displayed in a manner consistent with clinical practices, grouping and visualizing the data according to physiological systems and organ dimensions. This ensures patients are always under secure and thorough monitoring. The iStatus state evaluation function, leveraging big data and smart algorithms, carries out continuous analysis of device data, enabling the smart tracking of patient anomalies over time, automatically capturing typical abnormalities, and generating an overview of long-term patient status as well as paper reports. Moreover, this feature organically "blends" data/waveforms from equipment such as monitors and ventilators into the ultrasound imaging interface, presenting a synchronous display of dynamic changes on a single screen. This comprehensive view allows healthcare professionals to accurately and holistically assess patient status changes, enhancing diagnostic and treatment efficiency and quality. As for iAlarm, the intelligent alarm chain features both accurate alarm and combined alarm to improve patient safety. The alarm distribution function is designed to push meaningful alarm notifications in real-time to the mobile devices of healthcare professionals. Additionally, alarm statistics offer a complete and unbiased statistical analysis and reports, laying a solid groundwork for the continuous improvement of diagnostic and treatment services.

As of December 31, 2023, the Company has installed "M-Connect" IT Solution in nearly 700 domestic hospitals, highlighted by the rapid growth of over 400 new installations throughout 2023. Since the launch three years ago, the "M-Connect" IT Solution has been successfully installed in multiple top-tier hospitals, including Peking

Union Medical College Hospital, Shanghai Jiao Tong University School of Medicine Renji Hospital, Beijing Tiantan Hospital, Beijing Emergency Medical Center (for the Winter Olympic Games), Beijing Jishuitan Hospital, China-Japan Friendship Hospital, Zhongshan Hospital Affiliated to Fudan University, Tongji Hospital Affiliated to Tongji Medical College of HUST, Xiangya Hospital of Central South University, the First Affiliated Hospital of Zhengzhou University, the First Affiliated Hospital - Sun Yat-sen University, the First Affiliated Hospital of Guangzhou Medical University, the First Affiliated Hospital of Chongqing Medical University, Tongji Hospital affiliated to Tongji Medical College of Huazhong University of Science and Technology (Optics Valley), the Second Affiliated Hospital of Zhejiang University School of Medicine (Chengdong Campus), the First Affiliated Hospital of Zhejiang University School of Medicine, West China Tianfu Hospital, Fujian Medical University Union Hospital, Henan Provincial People's Hospital, the First Affiliated Hospital of China Medical University, the First Affiliated Hospital of Hainan Medical College, Peking University First Hospital, the First Affiliated Hospital of Wenzhou Medical University, Shengjing Hospital of China Medical University, the First Hospital of Jilin University, the First Affiliated Hospital of Shandong First Medical University, Shandong Provincial Hospital, and Peking University Third Hospital. As of December 31, 2023, the Company has signed contracts with over 400 hospitals in total to install the "M-Connect" IT Solution in the international market.

(2) Mindray InnoLab IT solution

During the Reporting Period, the Company actively promoted Mindray InnoLab IT Solutions, delivering a convenient and professional IoT-enhanced IT smart management solution for medical laboratories. Currently, Mindray InnoLab IT Solutions, built on device interconnectivity, deeply integrates the data from these devices. It centers on five critical elements: Man, Machine, Material, Method, and Recycle, all deeply embedded into the testing process. This one-stop solution addresses the challenges medical laboratories face, such as

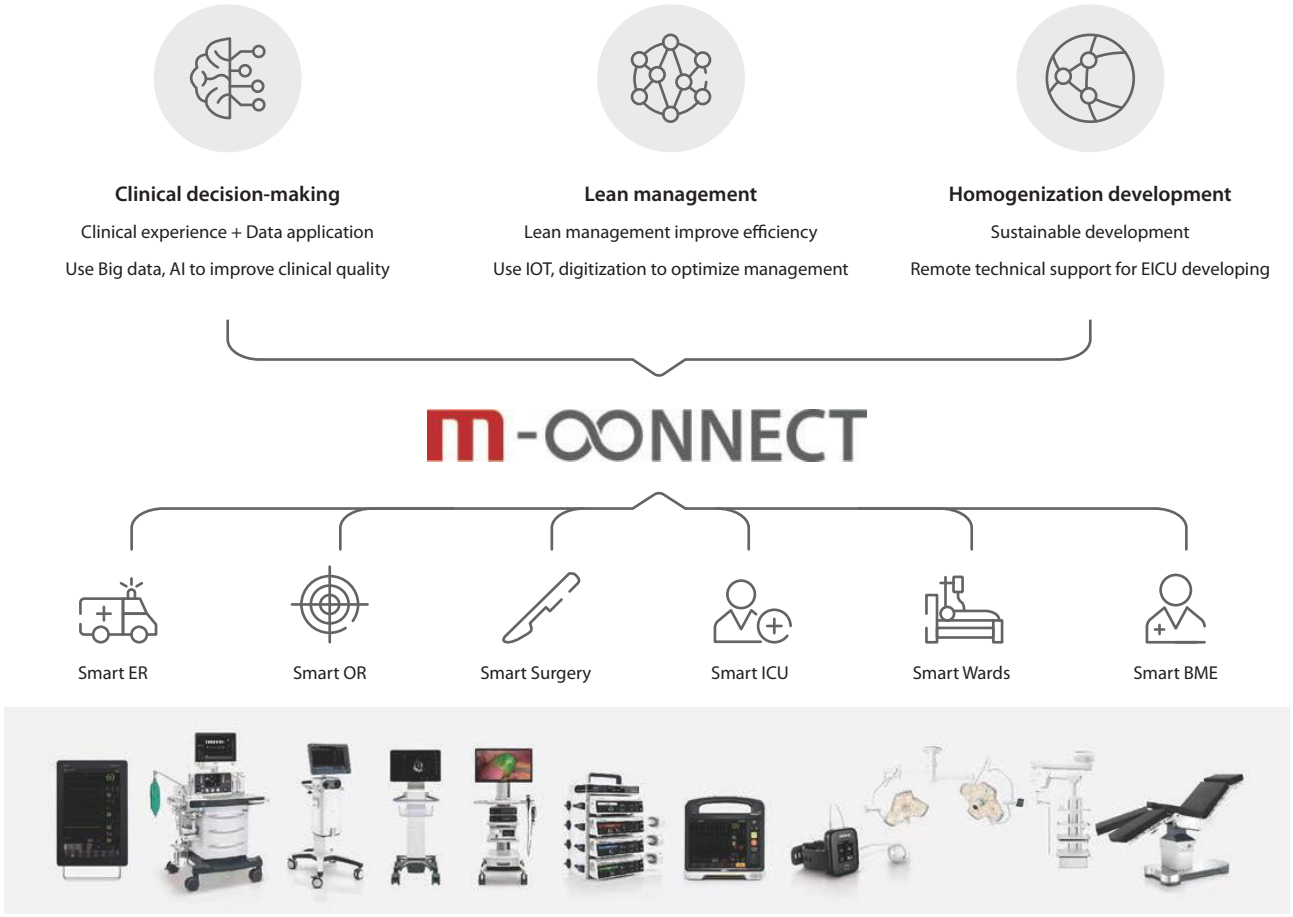


Figure: M-Connect IT Solutions

interfacing with multiple contacts, low efficiency, and difficulties in standardizing and implementing smart quality control, which often stem from complex management components and information silos. Meanwhile, iterative optimization is applied to homogenous regional development initiatives. Based on a unified regional approach of "same system, same platform, same standard", interconnections are made with third-party systems such as SPD and LIS. This collaborative effort establishes open ecosystems, enhancing lean management of reagent consumption and improving the level of regional quality management. By solidifying grassroots operations and strengthening mid-level structures, the solutions encourage balanced development across regions and aid in the mutual acceptance of test results. Through innovative regional integration, the financial burden of medical treatment on the people can be alleviated and the utilization of medical resources can be improved.

As of December 31, 2023, the Mindray InnoLab IT Solution has been installed in over 210 hospitals, with Class III hospitals making up 80% of those installations. Throughout the year 2023, there were new installations in over 65 hospitals, including Tongji Hospital Affiliated to Tongji Medical College of HUST, the Second Affiliated Hospital of Guangxi Medical University, the First Affiliated Hospital of Fujian Medical University, Tianjin First Central Hospital, the Digital Literacy Cultivation Platform jointly built by the First Affiliated Hospital of China Medical University and Liaoning Province, Chongqing University Three Gorges Hospital, Shandong Provincial Hospital, Luohu Hospital Group (Luohu People's Hospital, Luohu District Maternity & Child Health-care Hospital, and Luohu Hospital of Traditional Chinese Medicine), the Second People's Hospital of Tonglu County, and Binzhou Central Hospital.

Mindray InnoLab IT Solutions and their hardware, as a complete solution, have proven to be of tremendous value in driving regional sales of equipment reagents, providing a solid quality foundation for the mutual acceptance of testing results.

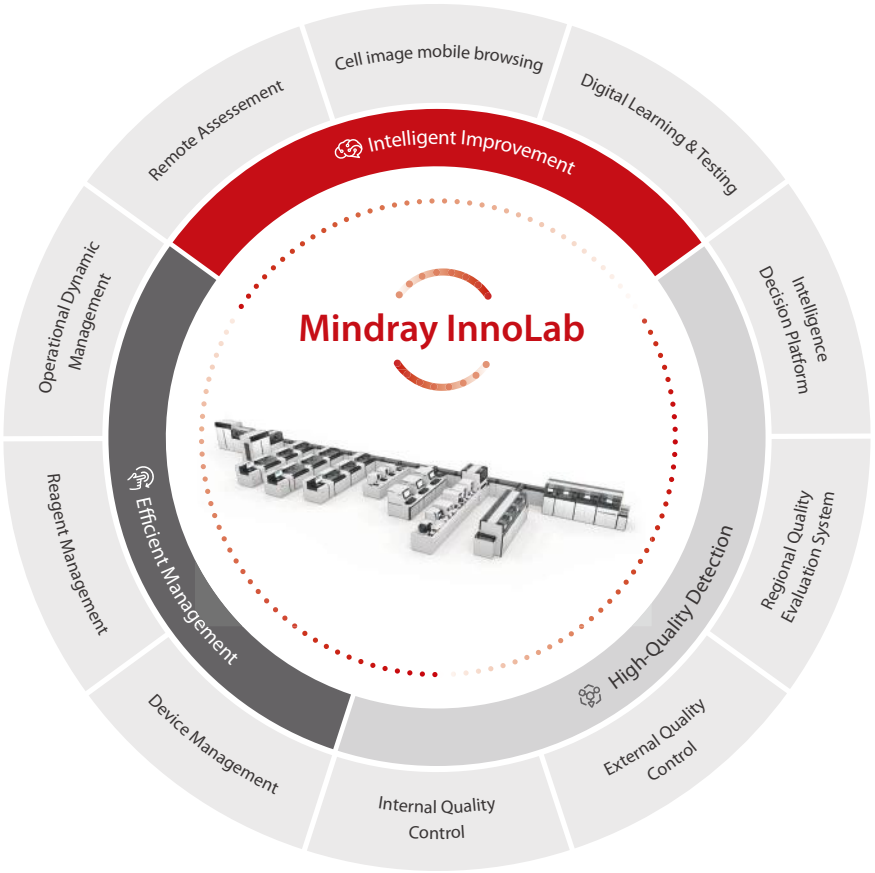


Figure: Mindray InnoLab IT solutions

(3) MiCo+ Medical Imaging IT Solution

During the Reporting Period, the Company ramped up its efforts to promote the MiCo+ Medical Imaging IT Solutions. The MiCo+ Medical Imaging IT Solutions connect Mindray's imaging equipment and the users' cloud-based application platform, enabling users to autonomously establish and manage their own cloud communities. In addition, it provides users with diverse cloud applications, dedicated to building a comprehensive interactive communication medium for professionals in the domain of medical imaging. In 2023, the MiCo+ Medical Imaging IT Solution, incorporating new technologies such as AI, device Internet of Things (IoT), 5G, and cloud computing, provides the new 5G smart ecological access terminal, the cloud AI quality control solution for obstetrics, and the cloud AI-assisted teaching solution. This approach has continuously broadened the application scope of ultrasound machines to meet the full-scenario imaging interconnectivity requirements of various users. Within the framework, the 5G smart ecological terminal offers mobile, portable, and plug-and-play functionality, providing users with a novel real-time remote imaging experience. This enables a breakthrough in the real-time, mobile, full-scenario applications of the MiCo+ Medical Imaging IT Solution through standardization. The cloud AI quality control solution for obstetrics targets the inefficiencies and labor-intensive nature of manual spot checks in prenatal screening ultrasound quality control. By leveraging cloud intelligence, it facilitates standardized scanning assistance and real-time image quality control, enhancing the efficiency, consistency, and accuracy of prenatal screening ultrasound. The cloud AI-assisted teaching solution expands the application into the training and assessment of ultrasound practitioners, integrating seamlessly into their outine operations. It enables practitioners to transcend the limitations imposed by machine models and spatio-temporal constraints, offering interactive, real-time feedback and guidance that boosts the efficiency of clinical diagnosis and treatment practices.

As of December 31, 2023, the reach of projects incorporating the MiCo+ Medical Imaging IT Solution has extended across 31 provinces, municipalities, and autonomous regions. More than 10,000 units have been installed, with nearly 5,500 new units installed throughout 2023, signifying a continued acceleration of installations. Hospitals and key projects with the MiCo+ Medical Imaging IT Solution newly

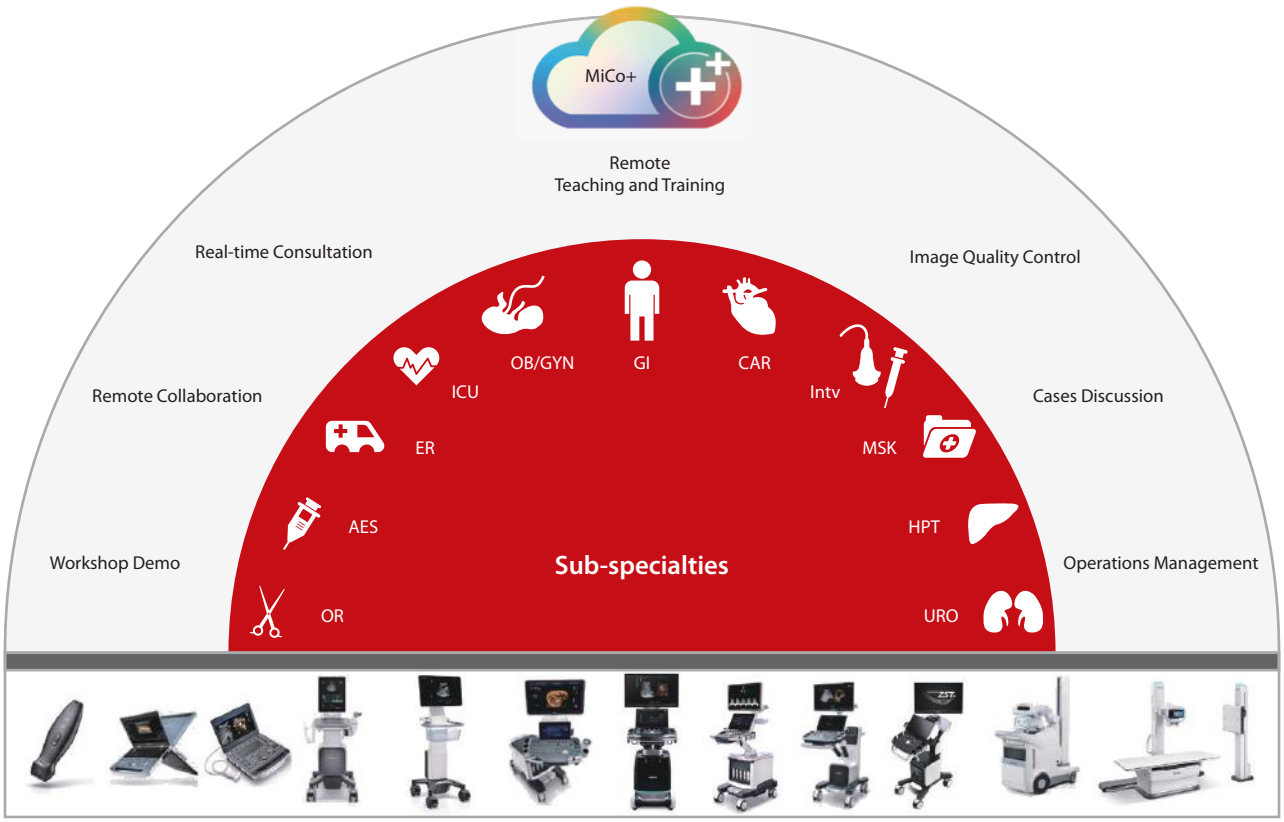


Figure: MiCo+ Medical Imaging IT Solutions

installed include the Greater Bay Area Remote Ultrasound Alliance (consisting of 12 medical institutions such as the Zhuhai People's Hospital Medical Group, Macau University of Science and Technology, Macau Kiang Wu Hospital, Macau Conde de São Januário General Hospital, and Zheng'an County People's Hospital in the city of Zunyi of Guizhou Province), Interventional Ultrasound Alliance led by Hunan Provincial People's Hospital, Cancer Interventional Diagnosis and Treatment Alliance led by Fujian Cancer Hospital, Taihe Hospital and Integrated Delivery Network in the city of Shiyan of Hubei Province, Henan Zhenping People's Hospital and County Integrated Healthcare Organization, etc. Internationally, the MiCo+ Medical Imaging IT Solution has made an impact in countries like Indonesia and Saudi Arabia. It offers local primary care physicians an efficient, cost-effective, and innovative training model through a specialized remote medical imaging system training program. This initiative enhances the sharing of expert resources and fosters academic exchanges between home and abroad.

2. Continuous Implementation of Intelli-Digital Solutions

In recent years, to address evolving customer demands for innovative product services, the Company has used its extensive business network, leading market position, and growing installation volume to develop long-term, differentiated complete solutions. It has preliminarily established the "Equipment+IT+AI" smart ecosystem through integration with AI. By innovatively integrating the intelligent ecosystem with devices and combining big data and AI, the Company offers digital smart solutions for hospital-wide use across various medical institutions. Meanwhile, the Company's marketing model has shifted from product marketing to solution marketing. By employing digial smart solutions, the Company has managed to improve customer service stickiness, leading to multiple products and product lines being installed in medical institutions, thereby achieving a win-win situation for both the Company and its customers.

Currently, the Company's "Intelli-Digital" solutions have developed a wealth of mature case studies, providing customized completed solutions for hospital-wide use, which are tailored to the unique needs of global customers in various dimensions such as healthcare services, talent cultivation, operations management, and humanistic care. This approach has enabled the Company to secure a distinctive competitive advantage in the market.

In the domestic market, the hospitals that have implemented the Company's completed solutions for hospital-wide use include: the First Affiliated Hospital of Zhejiang University School of Medicine, Zhejiang Taizhou Hospital, Nantong First People's Hospital, Guangdong Provincial Maternal and Child Health Hospital, Regional Medical Testing Center in Jian'ou City of Fujian Province, the Second Affiliated Hospital of Guangxi Medical University, Guizhou Provincial People's Hospital, and the First Affiliated Hospital of Gannan Medical University.

In the construction of cross-regional collaboration platforms and in the area of talent cultivation, the projects that the Company has successfully implemented included: the "Zhejiang Youshanyu" remote multidisciplinary cross-hospital consultation platform at Women's Hospital, School of Medicine, Zhejiang University to improve birth outcomes and child development initiatives in Zhejiang Province, the "5G Tele-ultrasound Medical Center" within the Fujian Provincial Regional Medical Center jointly established by the First Affiliated Hospital, Sun Yat-sen University in Guangdong Province, Sanming First Hospital in Fujian Province, and Jiangle County General Hospital, and the pelvic floor multi-center project and the training program conducted in Indonesia.

During the Reporting Period, in Nantong, Mindray's team has significantly boosted operational efficiency at local hospitals employing the "M-Connect"-facilitated general ward plan. The success of this "Nantong Model" is now being widely replicated across the nation. The "M-Connect"-facilitated general ward plan was newly installed in nearly 100 hospitals from 2022 to 2023. Previously, nurses in the general ward were required to manually enter patient data that has been recorded on paper into computer systems, which took up a considerable portion of their work time. To address this issue, Mindray's team implemented a viable digital smart solution for Nantong First People's Hospital. The "M-Connect" IT Solution automates the collection and upload of patient vital signs, resulting in a workload reduction for nursing staff of over 80%. This plan was recognized by the Jiangsu Provincial Department of Industry and Information Technology and successfully replicated across the entire Nantong, covering 70% of the Class III hospitals downtown, significantly driving up the new procurement bidding rate.

In the "M-Connect" IT Solution developed at Shenshan Medical Center for its hospital-wide use, Mindray's team established a complete smart healthcare solution, spanning pre-hospital care,

emergency care, critical care, general care, and the hospital-wide command center. In the pre-hospital phase, data transmitted from ambulances establishes the "Rescue Relay Station", enabling a seamless transition where getting on the ambulance means the start of treatment. This process is able to improve the efficiency of emergency response. In the intra-hospital phase, the fusion of devices such as the ventilators and the infusion pumps aids in diagnostic processes, allowing healthcare professionals to access real-time data across different intra-hospital locations. This data is also transmitted to the critical care system and the Ewell mobile nursing system, greatly reducing the need for manual data entry by healthcare professionals, which enhances both efficiency and accuracy. Furthermore, the solution supports multidisciplinary and remote consultations, as well as centralized management of hospital-wide information, greatly improving the efficiency of diagnosis and treatment practices as well as the operational efficiency and elevating the quality of healthcare services provided.

In developing the service complete solutions at the Regional Medical Testing Center in Jian'ou City, the Company has crafted strategies centered around three key areas: laboratory upgrade, reagent lean management, and ISO15189 system establishment. To address the growing needs for localized healthcare services and homogenized development, the Company has formulated plans based on its preliminary investigation. Leveraging the municipal hospitals, the Company aims to set up a tiered, grid based diagnostic and treatment management system at the Regional Medical Testing Center in Jian'ou City. By utilizing a type-based foundational network, the solution integrates medical institutions from the 4 subdistricts, 10 towns, and 4 villages within the jurisdiction through the IoT, thereby constructing an efficient and dynamic quality control management network. Regarding the training for laboratory staff at primary medical institutions, the approach integrates both online and offline training sessions. Leveraging the "Mindray Smart Learning" module of the "Mindray InnoLab" software and in collaboration with the medical center's laboratory, this program regularly provides professional foundational knowledge and standardized operational training and assessments for laboratory staff at subordinate hospitals within the range, effectively empowering training efforts at the grassroots level. Additionally, by establishing the remote diagnosis and treatment platform, the solution assists physicians at primary medical institutions in the correct interpretation of laboratory reports, thereby enhancing both efficiency and the level of diagnosis and treatment.

The Department of Critical Care Medicine, West China Tianfu Hospital has implemented an internationally-advanced design featuring all private wards. Mindray's team developed a M-Connect complete solution centered around the fusion of a central monitoring system. The fusion includes real-time data, interfaces, and alarms from bedside monitors, ventilators, and infusion pumps. The system interface provides a comprehensive view of a patient's bedside device

data, ensuring that no information or alarms from treatment devices such as the ventilators and the infusion pumps are overlooked. Each nurse station, nurse island, and office of second-line physicians are equipped with over 30 terminals for viewing the central monitoring system, enabling physicians and nurses to monitor patient conditions in real-time from any Mindray's workstation within the intra-hospital setting. They can also control and perform basic operations on ward devices via Mindray's workstations in the nurse islands, reducing movement and aiding in the prevention of hospital-acquired infections. Additionally, specialized alarm wristbands are provided to healthcare professionals, allowing them to quickly detect and respond to critical equipment alarms, ensuring patient safety.

In the First Affiliated Hospital, Zhejiang University School of Medicine (FAHZU), the M-Connect IT Solution streamlines emergency and critical care by integrating patients' data from ambulances in the pre-hospital phase with the Department of Emergency and the Intensive Care Unit in the intra-hospital phase, greatly enhancing the transfer of pre-hospital vital information and improving patient treatment efficiency. In the intra-hospital setting, the solutions link multiple campuses of the hospital and even extends to regional medical center's ICU system, while also providing support for remote consultation. The device management plan reuses the existing hospital network to integrate 4 campuses of the FAHZU (Zhijiang, Yuhang, Qingchun, and Chengzhan) and a total of 2,268 devices into the system. By enabling the network to serve both clinical and device management purposes, the solution improves the management and operational efficiency of the devices.

On the international front, the Company also uses the MiCo+ Medical Imaging IT Solution to successfully build a "Remote Training + Quality Control" solution model for Indonesia. Through the remote training platform implemented across hospitals in the country, the Company offers professional remote training programs for the medical imaging systems, enabling efficient and cost-effective academic exchanges among hospitals from different regions. Meanwhile, the Company has established ultrasound scanning standards to guide ultrasound practitioners, integrating remote quality control and remote training applications to form a comprehensive closed-loop training system that covers both theoretical knowledge and practical skills, thereby enhancing the professional competence of practitioners. Building on this, healthcare professionals in this country further advance their ultrasound research capabilities by collaborating on pelvic floor multi-center scientific research projects with a top-tier hospital in China through the remote imaging enabled by the MiCo+ Medical Imaging IT Solution.

In Europe, Mindray's team demonstrated a complete product solution and workflow using the M-Connect IT Solution at a university hospital in Germany, showcasing the standardized operations through network interconnectivity. This demonstration impressed both the hospital's information department and its clinical departments. In the subsequent installation phase, the team supported the hospital by completing the joint debugging of the original device system's information interfaces, breaking the monopoly of the previous device service provider and enabling the hospital to procure additional devices. This process included the successful deployment of the central station server and the eGateway server, laying a solid foundation for future projects. Thanks to the team's outstanding service and the positive feedback received, the hospital deepened its collaboration with the Company, resulting in a hospital-wide monitor replacement valued at nearly one million euros.

Looking ahead, the Company's unique complete solutions for hospital-wide use and the intelligent ecosystem are set to drive a new growth model for the Company.

(III) Breakthroughs in High-End Customer Groups in Overseas Markets

During the Reporting Period, thanks to the high quality and excellent services, the Company has secured a large number of orders, expanding its reach of monitoring, IVD, ultrasound products, and complete solutions into more high-end hospitals, group hospitals, and ICLs. This expansion has accelerated our breakthroughs into public markets and high-end customer groups across various countries.

In the PMLS field, during the Reporting Period, the Company successfully added nearly 300 new high-end customers. In addition, more than 500 existing high-end customers have achieved horizontal breakthroughs of their product portfolios.

In the European markets, Mindray has made significant progress, thanks to its exceptional services and thorough preparation. The Company has successively achieved breakthroughs in a number of key hospitals, completing installations of products like anesthesia machines and equipment for Neonatal Intensive Care Units (NICUs). These accomplishments not only pave the way for subsequent business development in the region but also serve as a positive example for potential equipment upgrades in the future. When bidding for a project with one of the top five non-university hospitals in the Dutch-speaking region of Belgium, Mindray faced the challenge of meeting the hospital's stringent IT interconnectivity standards. To meet these requirements, Mindray's front-line teams and Europe-based IT managers worked in close collaboration, engaging in regular dialogue with the customer's IT department. They were diligent in following up and addressing feedback and needs from physicians and nurses about the ease-to-use as well as operation and maintenance of the products during clinical trials. This feedback was promptly routed to the R&D department. Ultimately, despite facing competition from multiple international giants, the Company managed to stand out, adding another major customer in the high-end local monitoring market to its customer base. Mindray's teams have demonstrated high efficiency in Norway. Through their professionalism, innovative R&D mindset, and outstanding product quality, the Company has successfully secured a monitoring project for hospital-wide use at one of the top 3 university hospitals in the country. This victory has further expanded the Company's market share in the high-end monitoring market of Northern Europe. In Germany, Mindray's team managed to achieve a breakthrough at a public hospital in Hannover through admission promotion and demonstration of the "M-Connect" IT Solution, transitioning from offering a single product to replacing it with a monitoring care solution for hospital-wide use. In a hospital in France, the local team convincingly presented the strengths of the M-Connect IT Solution in integrating diverse data types through repeated demonstrations, which changed the customer's perception of the support and application capabilities of the China's domestic brands, achieving a comprehensive breakthrough of various types of devices through complete solutions. The success of this project is set to serve as a model for other central hospitals in the region, catalyzing further breakthroughs.

Mindray's complete solutions continue to strengthen their strong position in developing country markets. In a newly established high-end public teaching hospital in Malaysia, Mindray managed to implement the "M-Connect" IT Solution in its ICU, gaining approval from the customer and outcompeting a leading international brand. This implementation led to installations valued at nearly one million US dollars. In a new project at a high-end hospital in Angola, Mindray stood out against numerous international medical device giants through its M-Connect IT solutions. Leveraging the stellar performance of the PMLS solutions, the Company gained customer approval for the IVD and MIS segments, ultimately achieving breakthroughs across three segments. In a project with the most prestigious private hospital in Colombia, Mindray's teams accomplished a comprehensive breakthrough with the operating room (OR) solution. This marked a transition from previous successes with individual products to a complete solution breakthrough. In a medical commercial complex in Georgia, Mindray's team achieved multiple breakthroughs by implementing the complete solutions across the operating rooms and the ICU, including the introduction of all premium high-end products. In a newly established hospital in Mexico, Mindray's team successfully implemented the complete solutions across the operating rooms and the ICU, not only solidifying our presence but also paving the way for further expansion into more hospitals affiliated with the social security service institution, especially in projects of establishing new hospitals in Mexico.

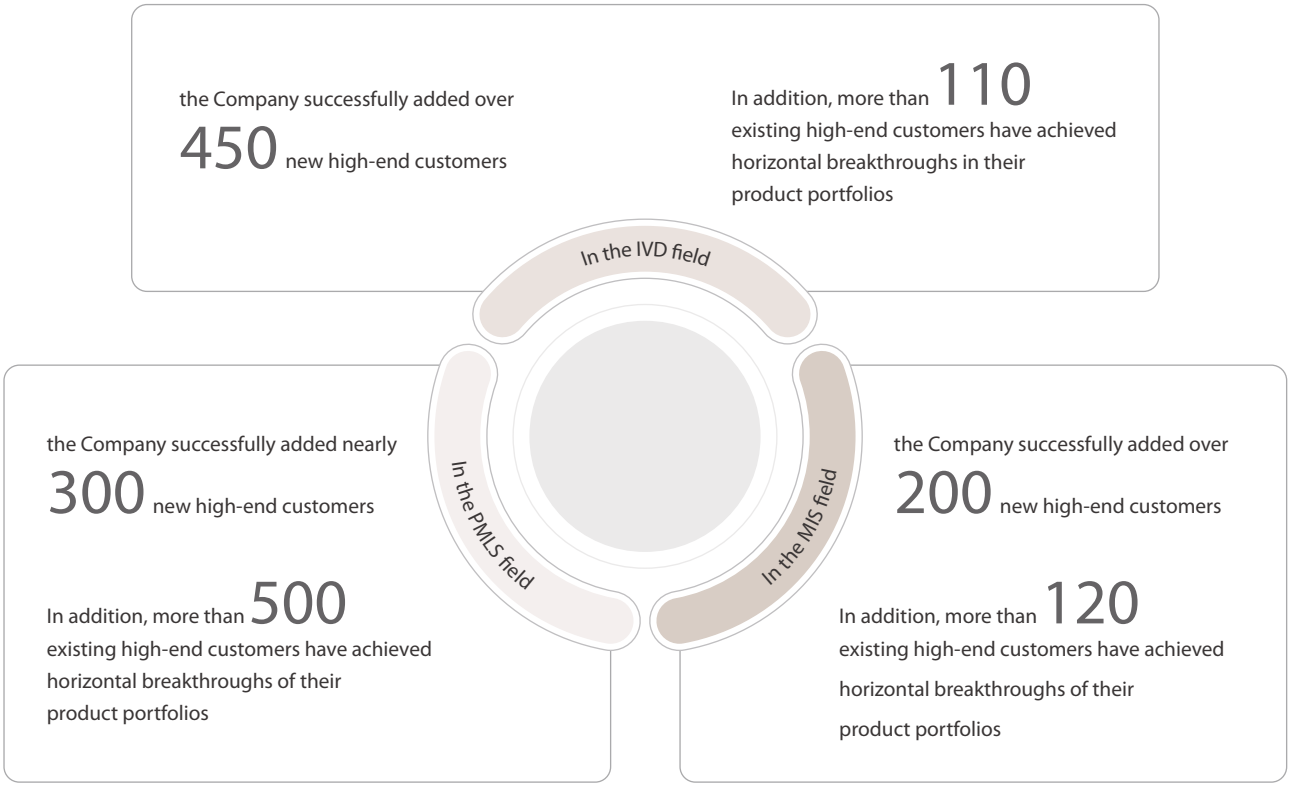
In the IVD field, achieving globalization as a medical device company has long been the unwavering strategy of Mindray. Expanding internationally in the IVD field is crucial for accomplishing this

objective. During the Reporting Period, the Company successfully added over 450 new high-end customers. In addition, more than 110 existing high-end customers have achieved horizontal breakthroughs in their product portfolios, encompassing some of the top local teaching hospitals/large-scale laboratories and several leading international hospitals. With the delivery of outstanding and stable product quality as well as responsive after-sales services, Mindray has earned high praise from its users. Most importantly, among the over 450 high-end customers that the Company broke through during the Reporting Period, there were 106 private laboratory chains. The momentum for large-scale breakthroughs in the IVD segment at high-end international laboratory chains continues.

In a world-renowned laboratory chain in the United Arab Emirates, Mindray's team employed a top-down strategy and managed to become the exclusive hematology supplier in Saudi Arabia, Qatar, Bahrain, and Oman. In Turkey, a healthcare group's laboratory is equipped with devices from a top-tier international brand. Mindray's team has achieved a significant breakthrough in scaling up the BC series through detailed services that closely meeting the actual needs of the customer. In Brazil, the Company outperformed leading competitors to win demand projects for all 43 hospitals owned by the fifth-largest private laboratory group, becoming the No. 1 brand in the nation's hematology market.

In the MIS field, during the Reporting Period, the Company successfully added over 200 new high-end customers. In addition, more than 120 existing high-end customers have achieved horizontal breakthroughs of their product portfolios.

At the No. 1 private hospital group in Latin America, a synergistic effort was made by the product team at the headquarters and the branch production line teams. They tackled challenges from various angles, including multidisciplinary development within the hospital, collaboration among multiple clinical centers, talent nurturing, and product trials. These collective efforts ultimately led to the successful installations of Mindray's products. This accomplishment holds significant meaning for Mindray's breakthrough with high-end customers in Latin America. More than just creating a partnership for establishing a demonstration site for the installation of high-end products and solutions, this achievement will act as a catalyst for further breakthroughs in other high-end hospitals throughout Latin America, setting the stage for a series of subsequent cooperations, including multi-center research, talent development, and expert building.



When bidding for a centralized procurement project for radiology products led by Hungary's Ministry of Health, Mindray's teams delved deep into the clinical requirements and provided customized solutions that won over both the end-users and the Ministry. The high image quality and performance of the Resona R9T ultrasound system, coupled with the smart software's flexibility and convenience, and the team's efficient collaboration, all contributed to successful installations in six hospitals. This project's breakthrough not only lays the groundwork for future development in the high-end radiology market but also sets up an excellent reference hospital.

In Mexico, Mindray's team fosters deeper mutual understanding and trust by visiting a hospital and inviting them to the headquarters for comprehensive and thorough discussions with experts. Subsequently, the team tailored their approach to the hospital's actual clinical needs and leveraged Mindray's unique parameters to successfully win project bids, leading to the installation of multiple mid-to-high-end models. Moving forward, Mindray's team will also produce ultrasound textbooks in Spanish for this hospital's department of radiology, aiming to improve their ability to use the products and to provide patient care. This project will serve as a key reference hospital for the Company locally, laying the foundation for subsequent breakthroughs.

Regarding the development of international key strategic customers, during the Reporting Period, our team dedicated to international strategic customers made considerable progress. Through horizontal exploration and vertical growth, the team capitalized on the comprehensive product portfolio spanning our three business segments, as well as the IT capabilities thanks to the intelligent ecosystem the Company has developed. This strategy has further enhanced the synergy and complementation among our various product lines. As a result, the Company has consistently achieved breakthroughs into significant customers, particularly with our high-end product range, which has yielded remarkable results. The Company has also set up "window hospitals" at global, regional, and national levels, solidifying a strong base for future international business development and its aim to emerge as a global leader in the medical device industry.

In addition, the Company has made significant progress during the Reporting Period in developing key strategic customers in countries such as Indonesia, Brazil, Colombia, Mexico, Peru, Spain, France, Germany, Spain, Poland, Romania, Turkey, Saudi Arabia, the United Arab Emirates, Australia, and Singapore. The Company has achieved continuous breakthroughs in government VBP projects across multiple countries in Europe, Asia, and Latin America.

(IV) Leading the Industry with Pioneering Technology

During the Reporting Period, the Company remained committed to its high R&D investment, with R&D expenditure reaching RMB 3,779.01 million, representing a YoY increase of 18.43%, and accounted for 10.82% of the revenue for the same period. The Company continued to enrich its product offerings, upgrade its technologies, and in particular, achieve breakthroughs in high-end products.

At present, the Company has accumulated solid engineering capabilities and honed an acute understanding of customer needs. Our efforts in technological innovation will continue to intensify in the coming years. On one hand, guided by our foundational technology innovation, we will delve into pioneering technologies and venture into the uncharted waters of innovation. On the other hand, we will tap into the full potential of the diverse product portfolio and multiple product lines at Mindray. By driving integrated innovation, the Company aims to build an open, scalable, and smart ecosystem, delivering higher clinical and management values to medical institutions.

1. Patient Monitoring & Life Support

(1) Foundational technology innovations undertaken by the Company include:

1. mWear wearable patient monitoring system.

Based on two core patented technologies, Multi-parameter Fusion Analysis (MPA) and the accelerometer for optimizing physiological parameters, this approach utilizes algorithm fusion to perform synchronous analysis between parameters. This not only enhances the accuracy of physiological parameter analysis but also effectively reduces both false and missed alarms, thereby alleviating alarm fatigue among medical staff. Furthermore, the accelerometer identifies patient posture and movement states, deeply integrating these with physiological signals to improve analysis accuracy and better fulfill the demands of mobility scenarios. Moreover, in response to complex intra-hospital wireless environments, mWear utilizes a multi-wireless technology (WMTS/WIFI+BLE+NFC) joint scheduling algorithm. This enables seamless transitions to other reliable wireless technologies for real-time data transmission in cases of significant signal loss or failure in any of the wireless systems during movement. As a result, mWear ensures stable and reliable performance for mobile monitoring.

2. **New generation of 4K-NIR endoscope camera system.**

The product's features and image performance have been elevated to an industry-leading level through a comprehensive upgrade. In terms of white-light imaging, the algorithm for full-field brightness balance management effectively suppresses local overexposure and distant underexposure, ensuring an overall bright endoscopic field of view. As for fluorescence imaging, technological upgrades in the algorithms for full-link fluorescent optical performance, hardware performance, and fluorescence signal processing have bolstered the stability of fluorescent images against changes in distance and angle. This ensures that the areas illuminated by the contrast agent remain consistently and clearly visible throughout the surgical procedure, thereby assisting the surgeons in performing precise treatments. The autofocus feature guarantees a consistently clear and sharp surgical image throughout the procedure. The automatic light-dimming function effectively protects the tissue from close-range burns. With its support for multi-modal image fusion, the system allows for the simultaneous display and fusion of endoscopic and ultrasound images on the same screen. This not only enhances clinical surgical efficiency and ease-to-use but also improves the precision of surgical treatments.

3. **3D fluorescence imaging camera system.**

The ultra-high definition 3D fluorescence endoscope camera system aligns with the industry's top-tier products in terms of functionality and image performance, positioning it as a leader in the domestic market. With regard to white light images, this system boasts a pioneering optical design and layout for its binocular 3D module. It integrates a 4K image sensor with the industry's largest baseline distance, delivering ultra-high definition 4K clarity and a deeply immersive stereoscopic experience. As for fluorescence Images, the system incorporates full-chain fluorescence efficiency analysis and innovative algorithms for fluorescence image acquisition and processing. This ensures the stability of fluorescence images against variations in distance and angles, and combines fluorescence imaging with 3D imaging technologies. This integration boosts surgical efficiency and aids surgeons in executing precise surgical interventions. The 3D auto-alignment feature solves the problem of lost positioning references during rotations of the video endoscope, substantially enhancing the system's clinical ease-to-use.

4. **Endoscopic stapler.**

The domestically pioneered pre-compression-assisted stapling technology (locating pin shaft rotation & sleeve closure) and the Adaptive Smart Firing Technology (ASFT) control algorithm. The "pre-compression-assisted stapling technology" greatly enhances the alignment precision of endoscopic staplers and effectively reduces the impact of tissue slippage on stapling. The "ASFT control algorithm" automatically adjusts the firing speed and compression time based on the thickness of the tissue at the stapler jaws during the firing process, thereby improving the stapling quality in thick and uneven tissues in clinical applications. The detachable eagle beak design employs a what-you-see-is-what-you-get Quick Disassembly and Assembly (QDA) design, which allows for the quick disassembly and reassembly of the jaws and beak in one step. By configuring beaks with various angular specifications, the endoscopic staplers can be adapted for use in a wide range of clinical scenarios, thereby reducing the costs of clinical applications.

(2) Integrated innovations undertaken by the Company include:

1. Pre-hospital defibrillator monitoring integration solution.

As part of the new generation of the defibrillator monitoring product series, this solution innovatively caters to both intra-hospital and pre-hospital needs through the fusion of multifunctional features. The development incorporates innovative technologies such as high-voltage dynamic variable load technology and ultra-high-voltage PCB planar transformer integration, culminating in the new generation of the defibrillation high-voltage technology. The defibrillator main unit is designed to integrate seamlessly with the N1 monitor, allowing for both combined and independent operation. During the process of patient handover, data can be seamlessly transmitted from the N1 monitor to the intra-hospital monitoring system. Creatively incorporating portable, high-resolution phased-array probes, this solution facilitates pre-hospital ultrasound examinations for patients. It features an ultrasound operation guide and a 5G remote transmission capability, enabling the integration of ultrasound data and providing remote guidance across intra-hospital and pre-hospital scenarios. Enabled by NFC technology, Mindray's self-developed infrared ear thermometer feature is integrated, allowing for rapid pre-hospital temperature assessments that automatically sync with the data system.

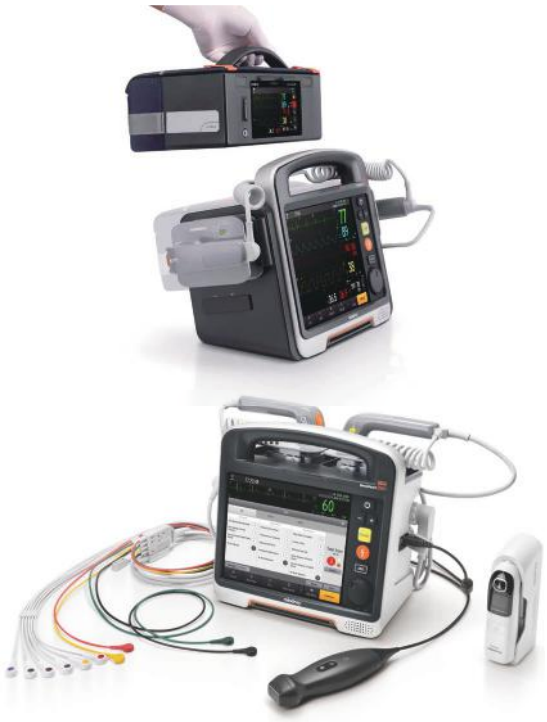


Figure: Pre-hospital defibrillator monitoring integration solution

The system connects to Mindray's "M-Connect" IT Solution via 5G, facilitating the interconnectivity of pre-hospital and intra-hospital data. Designed to address the diverse medical conditions and challenging settings of emergency care and response scenes, it integrates multiple devices to provide a professional, easy-to-use clinical application. This promotes interdisciplinary collaboration, ensuring high-quality, comprehensive diagnosis and monitoring in emergency care and response operations. Additionally, the system achieves full-scenario all-in-one emergency response through information interconnection, significantly improving the operational efficiency of emergency response services.

2. EasySync™ + IntelliCycle™ synchronization technology.

This technology can smartly identify a patient's spontaneous breathing condition based on the multi-dimensional characteristics of the respiratory waveform morphology. It then adapts automatically to the patient's respiratory rhythm for ventilation, thereby improving the synchronization between the patient and the ventilator. Diving deeper, the IntelliCycle™ is applied in critical care and is incorporated into the SV series of ICU ventilators. Similarly, the EasySync™, designed for non-invasive ventilation, is featured in the SV70 non-invasive ventilator as well as the NB350 neonatal non-invasive ventilator. All these products have been successfully launched by the Company.

When the Ministry of Industry and Information Technology released the 2022 Artificial Intelligence Medical Device Innovation Unveiling Project, our "Smart ICU Ventilators and Their Decision Support Tools" was successfully included on the list. This project will be a collaborative endeavor with top-tier domestic hospitals such as the Peking Union Medical College Hospital, West China Hospital of Sichuan University, and Zhongda Hospital of Southeast University. The objective is to jointly explore in greater depth the application of AI technology in medical equipment.

3. Ventilator using modular integration electrical impedance tomography (EIT) technology.

The EIT technology provides two-dimensional ventilation distribution information for patients, offering a more intuitive reflection of lung heterogeneity than traditional ventilators,

which only provide basic respiratory mechanics data. This feature is crucial for making more informed clinical treatment decisions. Mindray's ventilators that use modular integration EIT technology combines respiratory mechanics with imaging techniques to achieve a synergistic effect. It includes an automated PEEP titration tool that can analyze conditions such as hyperinflation, shearing, and collapse during lung ventilation in real-time. Furthermore, it quantitatively assesses the opening pressures across different lung regions, allowing for a quantitative assessment of a patient's lung status. This technology guides the settings of ventilation parameters and supports personalized, precise mechanical ventilation treatments.

Figure: Ventilators with the integrated chest EIT feature

4. Ventilation strategy assessment feature.

This technology capitalizes on the ecosystem strengths of Mindray's "M-Connect" by utilizing patients' multi-dimensional pathological and physiological parameters from ventilators, monitors, and diagnostic tests for intelligent decision-making support. This helps healthcare professionals determine the success rate of weaning patients from mechanical ventilation. It specifically addresses significant clinical challenges, particularly in primary care hospitals, related to the timing of weaning. By doing so, it prevents the necessity for re-intubation due to premature weaning, and avoids the delays in weaning that can lead to patients' diaphragmatic dysfunction and the wasteful use of medical resources.

Figure: Ventilation strategy assessment feature

5. Full-scenario all-in-one emergency solution.

Designed around the concept of modular integration, modular transport ventilators and modular defibrillators seamlessly integrate the physical structure and data streams of emergency transport processes, establishing the industry's most comprehensive emergency care ecosystem. In pre-hospital emergency response settings, defibrillators integrate functionalities such as ultrasound, electrocardiograph, ear thermometer, and cardiac monitoring through physical fusion. During emergency transport, ventilators integrate with monitors, providing an all-in-one transport solution that includes infusion pumps and oxygen cylinders, enhancing the efficiency of diagnostic tools available to healthcare professionals. Through data fusion, the solution connects the data flow from pre-hospital emergency response → patient handover → emergency transport, streamlining the entire process and ensuring more complete data. This fusion elevates Mindray's all-in-one emergency solutions from a simple stack of products to a powerful, synergistic "carrier battle group" that leverages the full potential of products and IT.

This is not merely the expert crafting of a core product in emergency care and response, but also a groundbreaking innovation in full-scenario all-in-one emergency solutions for the entire emergency response ecosystem. Driven by the "fusion innovation" concept, the team innovatively developed and implemented a three-dimensional fusion strategy, that is, "Physics, Data, Solution", setting up the country's premier platform for academic exchanges. This initiative not only pioneered the promotion of the fusion value but also established the industry's most integrated, full-scenario all-in-one emergency solution.

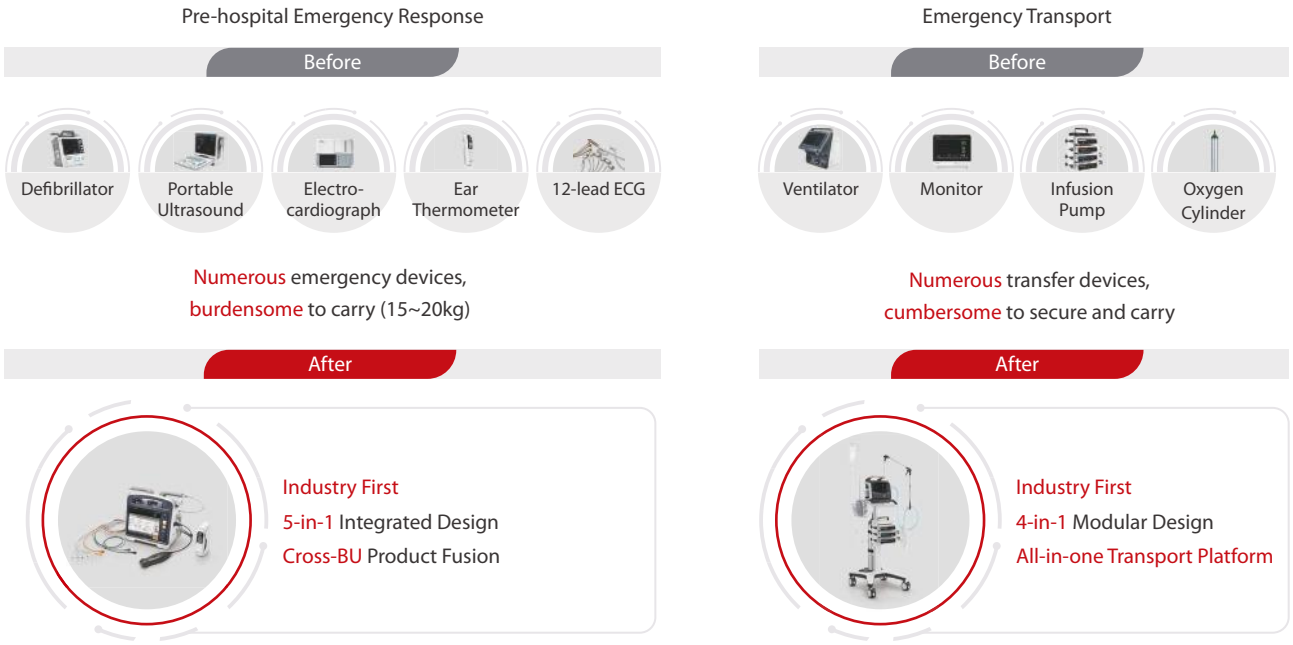


Figure: Physical fusion of multiple devices based on emergency transport scenarios

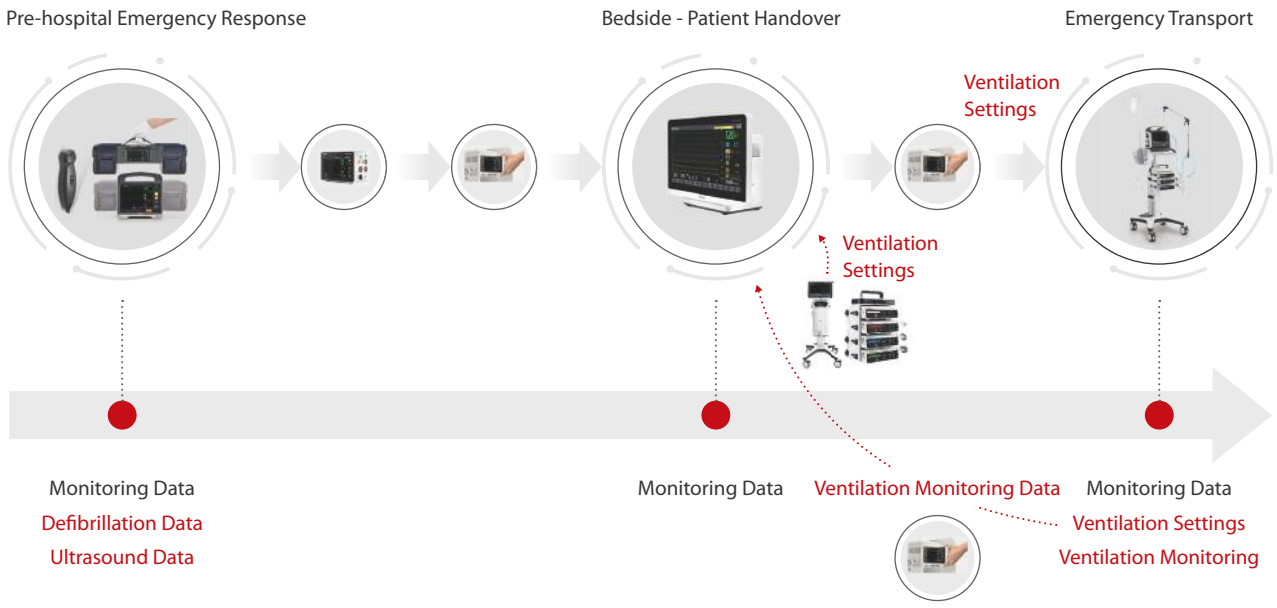


Figure: Data fusion based on emergency response workflows

2. In-vitro Diagnostics

(1) Foundational technology innovations undertaken by the Company include:

1. **Thyroid-stimulating hormone (TSH) marker.**

   TSH is a first-line indicator for thyroid function testing. Through innovative research, the Company has redesigned the core raw materials, formulas, processes, reaction parameters, and system integration, enhancing the capabilities of its anti-interference technology. This significant advancement has enabled the new generation of TSH (CLIA) to achieve world-class detection sensitivity, precision, and anti-interference capability, indicating that the Company can now offer even more precise diagnosis and treatment services to varying age groups and clinical departments.

2. **Hypertension marker.**

   Adopting a novel detection mode for raw material design, the Company has successfully developed Aldosterone (CLIA) and Renin (CLIA) — industry-leading, second-generation hypertension marker products. This detection mode significantly enhances the sensitivity and specificity of the Aldosterone (CLIA). It allows for the accurate detection of renin protein in renin product samples, catering better to the clinical requirements for screening and diagnosing patients with primary hyperaldosteronism. This improvement facilitates precision in both diagnosis and treatment. Specifically, the new generation of Aldosterone (CLIA) innovatively employs a novel antibody capable of recognizing antigen-antibody complexes, making a single-site sandwich detection mode possible. This breakthrough overcomes the limitations of competitive assays for small molecules, thereby considerably boosting analytical performance and presenting an enhanced solution for small-molecule immunoassays in clinical practice.

3. **B-cell cloning technique used to directly prepare monoclonal antibodies (mAbs).**

   This technique does not involve the step of hybridoma cell fusion. Instead, it directly isolates and uses individual B cells from the organisms for mAb development. In other words, through B-cell sorting and single-cell gene sequencing, we obtain the antibody genes present within specific B cells. Following this, we leverage recombinant protein expression technology to produce the target mAB. On the one hand, B cells generally exhibit greater vitality than hybridomas, leading to more stable resulting clones. On the other hand, the direct cloning method, in contrast to single B-cell sequencing techniques, tends to be simpler and more efficient, with superior selectivity. Currently, this technique platform has developed raw materials for monoclonal antibodies sourced from different animal species.

4. **New inflammatory markers.**

   sCD14-ST is a direct biomarker for bacterial infections, significantly elevated in the early stages, and serves as an early diagnostic marker. It has good specificity and remains unaffected by non-infectious factors such as surgery, trauma, and organ function. Mindray has independently developed the core raw materials for the sCD14-ST detection reagent and has applied patent protection for the antigenic epitopes and antibody sequences. Moreover, the reagent uses monoclonal antibodies, offering better specificity and lot stability.

5. **High-speed, multi-plane, and multi-layer image fusion technology.**

   After a decade of dedicated R&D, Mindray has innovated at base materials, structures, processes, and algorithms for high-speed, high-definition, and high-throughput microscopy imaging systems. This has led to the creation of an industry-leading precision motion control system and advanced image fusion technology, allowing for high-speed, multi-plane, and multi-layer burst mode at the micrometer level. It is able to effectively capture and restore the microscopic structure of subjects. Utilizing algorithms, these images are merged into a single, clear, and detailed image. Combined with a deeply customized color mapping system, it authentically reproduces the microscopic view, accurately capturing cellular and other microscopic particles indicative of various pathological features. This technology is crucial for identifying anomalies and timely screening for a range of disorders. This technology has been implemented in Mindray's hematology and urinalysis morphology analyzers.

6. **Constant frequency and constant response technology.**

   Traditional coagulation analyzers are developed independently from reagents, lacking a systematic design system for testing.

Additionally, establishing parameters is a lengthy process, and making subsequent changes can incur high R&D costs with significant impacts. Mindray fully capitalizes on its R&D strengths in testing systems by integrating and collaboratively developing instruments and reagents from the top down. We conduct thorough investigations, debugging, tests, and validations of the boundary conditions that affect testing performance, ensuring precise results while rebuilding the optimal testing process. Meanwhile, we utilize multimodal instant-heating technology and have developed the original "Adaptive Temperature Control Algorithm" for rapid and precise control of reagent preheat temperatures. Our unique aerial reagent refueling technology allows for reagent consumables' continuous operation without downtime or reduced speed. These technological breakthroughs have propelled the coagulation testing into the "constant speed" era, meeting the demands for faster laboratory turnaround times.

(2) Integrated innovations undertaken by the Company include:

1. MT 8000 Laboratory Automation System.

This intelligent TLA is developed entirely in-house by Mindray. It boasts multiple core values, including exceptional space efficiency, intelligence, user-friendliness, and multidisciplinary fusion. It empowers laboratory disciplines from various perspectives, such as testing quality, operational efficiency, and academic development, facilitating the modernization and evolution of laboratory departments. The system's flexible 4-track design allows a single track to process up to 3,600 tubes per hour. Directly connected to chemistry and immunoassay Integrated equipment without the need for a sample transfer module, it achieves seamless end-to-end single-tube processing. This reduces the time it takes for samples to reach the analyzer from 1 minute to a mere 1 second, effectively managing very large sample volumes and maximizing spatial utilization. Additionally, the system features intelligent sample quality recognition. It is able to detect abnormal samples and automatically conduct correlated processing, ensuring dynamic connectivity and balance throughout the testing process. By precisely monitoring sample quality, it eliminates unnecessary serum index tests with the analyzer, thus conserving medical resources. The system also supports connectivity with multiple discipline devices (biochemistry, immunology, coagulation, hematology analyzers, etc.), promoting more professional joint testing and establishing a cross-disciplinary automatic review platform. Equipped with multiple advanced technologies, such as the PDR optical platform, the VU-Mix mixing technology, and the patient-based real-time quality control (PBRTQC), the TLA helps customers improve diagnostic accuracy and treatment effectiveness, driving high-quality development in hospital healthcare services.

Figure: MT 8000 Laboratory Automation System

2. M980 chemistry and immunoassay integrated solution.

This chemistry and immunoassay integrated solution embodies three core values: versatility with a single machine capable of performing four tests, enhanced safety, and reliable precision. It is designed to drive high-quality operations in small to medium-sized laboratories both at home and abroad, focusing on work efficiency, biosafety, and testing quality. The solution leverages direct connection technology within its chemistry and immunoassay modules, facilitating seamless module interconnectivity between BS-1000M and CL-2600i for efficient, integrated 4-tests-in-1-machine capabilities. Additionally, features like automatic decapping and built-in ultraviolet disinfection help effectively reduce biosafety risks. The line also integrates a suite of cutting-edge technologies from Mindray's detection system technology platform, including the PDR optical platform and FS-Sampling, ensuring results are both highly precise and reliable. Both M680 and M980 chemistry and immunoassay integrated solutions utilize this same direct connection technology to achieve module interconnectivity between BS-600M and CL-2600i.

3. BC-700 automated hematology analyzers.

Mindray is dedicated to comprehensively elevating the quality and standards of testing and diagnostics. We have developed an innovative compact fluorescence cellular analyzer that not only guarantees the efficiency and reliability of testing equipment, but

also prioritizes ease-to-use and low after-sales management costs, extending its benefits to a wider audience. Through technological innovation (for which we have applied for over 40 patents), the product can recognize even smaller particles, transforming previously unusable signals in the DIFF channel Ghost area into valuable data. This allows for cost-free detection of optical platelets under standard analysis modes. Moreover, an innovative erythrocyte sedimentation rate (ESR) testing technology has been incorporated by modularly integrating an expensive, fully automatic ESR meter within the hematology analyzer. This integration ensures efficient testing while reducing costs. The technology combines dual indicators of aggregation speed and degree, maintains a constant temperature throughout the test, and yields results that correlate strongly with the Westergren method, while using less than 10% of the blood volume required by the traditional Westergren method. The technology allows for a single blood draw, a single sign-in, and a single sample loading to fully automate analyze, consolidate, and report all parameters of complete blood count (CBC), CRP, SAA, and ESR, which is easy to use and highly efficient. Additionally, new users can quickly learn to operate the instrument via the ihelp or "Video Guide" options on the main interface, making it easy to get started with testing and reducing communication costs for customers interacting with clinical staff. Common instrument failure can also be resolved through the video guide, further reducing communication and on-site maintenance costs between customers and service personnel.

4. **EU 8600 series automated urinalysis line and EU-Pro series all-in-one system.**

With ongoing breakthroughs in medical equipment technology, the automation of laboratory devices has seen continuous improvements. Despite these advancements, the frequency of manual microscopic examinations in routine urinalysis remains high. The core challenge lies in the industry's inability to achieve high-definition, high-analysis volume, high speed, and accurate particle image classification in urinalysis. Thanks to Mindray's deep and extensive technical expertise in the track and imaging technologies on the hematology TLAs, we have managed to achieve direct technological integration. This integration allows our entire urinalysis line to require only the placement of a test tube rack, followed by full automation of the complete sequence of operations. These operations include injection initiation, barcode entry, sampling, dry chemical analysis of urine, formed element analysis, and RBC phase analysis. For abnormal samples that deviate from norms, the system conducts fully automatic high-volume analysis in precision mode, ensuring that the results of dry chemistry analysis align more closely with the analysis of formed elements. The technology also facilitates the classification of up to 14 types of urinary red blood cell (RBC) subtypes, quickly and accurately aiding in the diagnosis of hematuria sources based on poikilocyte rates and variations in the morphology of RBCs. Because our device automates various analyses and achieves image clarity and resolution comparable to that under a microscope, it meets the expert consensus requirements for manual review on screens, significantly reducing the need for manual microscopic examination. The EU 8600 series automated urinalysis line and the EU-Pro series all-in-one system integrate three features into one system, offering customers the best possible laboratory urine testing experience, expressed through our central idea "Unparalleled Clarity for Reliable Validation".

5. **C·Lab Bridge expert interpretation system.**

The current focus of laboratory work extends beyond merely ensuring the "accuracy of sample test results" to adopting a "patient-centered" approach and facilitating communication with clinical teams. Mindray has innovated in coagulation testing with the introduction of the C·Lab Bridge expert interpretation system, which consolidates sample status analysis, result interpretation, treatment recommendations, and case studies into a comprehensive platform. Featuring an "expandable case database", this system transforms the coagulation lab into a smart service system, enhancing both the quality and efficiency of coagulation testing.

3. Medical Imaging Systems

(1) Foundational technology innovations undertaken by the Company include:

1. **Wireless probe technology.**

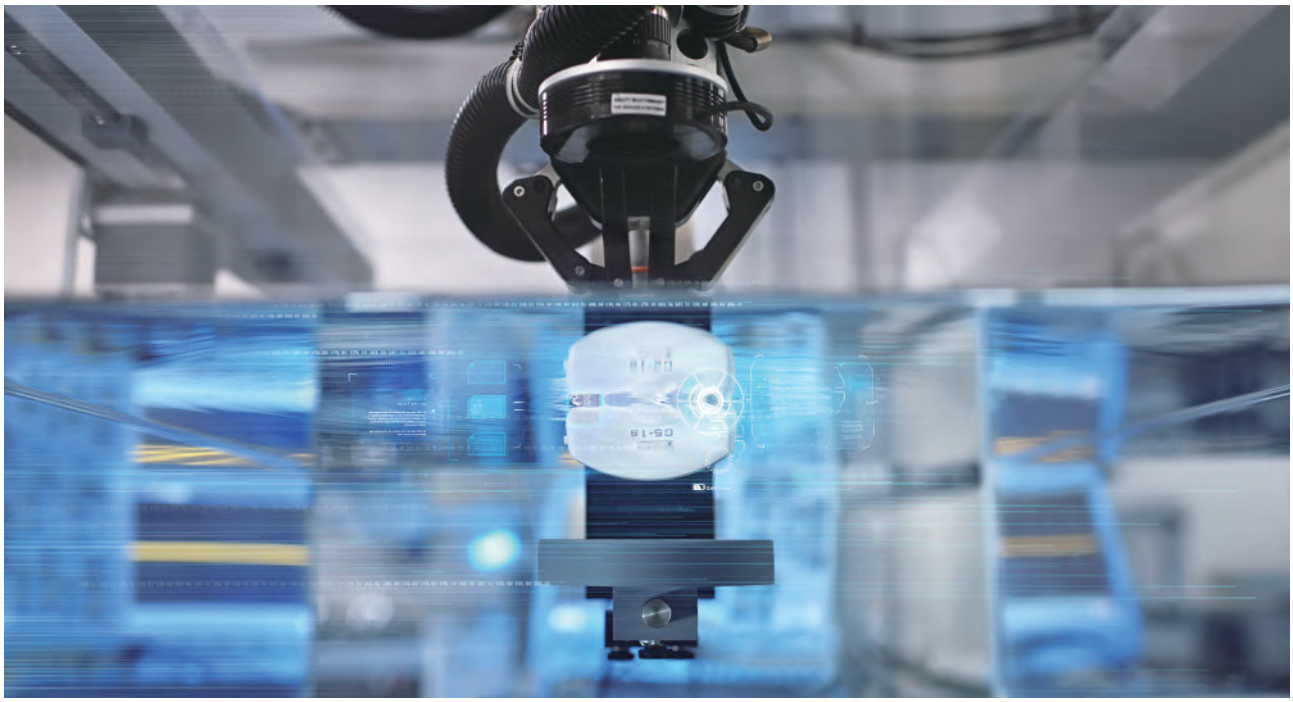
   This technology addresses the challenges of handling large volumes and high real-time requirements of complex and evolving ultrasound imaging data, previously only manageable through wired probes. It has overcome manifold technical challenges, such as acoustic pressurization, multi-order enhanced beamforming, and data-pressurized transmission, making sound energy reception and conversion more efficient. Designed for optimal energy consumption, this technology enhances the efficiency of beamforming, enabling the transmission of large volumes of data over wireless networks, and providing users with image quality at the level of professional diagnostics. The Handheld TE Air (China) has been equipped with this technology, meeting the needs for ultrasound scanning across diverse and complex clinical scenarios.

2. **Integrated and intelligent point-of-care (POC) ultrasound system.**

   This solution enables automated quantitative analysis in critical scenarios such as volume management in critical care, assessment of cardiac function, and preoperative risk management in anesthesia. Not only is it reliable, but it also boasts an exceptionally user-friendly operation. In order to address the fundamental challenges faced by clinicians in the field of ultrasonography, such as the time-intensive learning process and the absence of standardized guidance, the Company has introduced industry-leading features, including AI cardiac plane recognition and neural AI-recognition functions. By leveraging deep learning technology, our system assists clinicians in efficiently capturing standard cardiac cross-sectional images. This capability enables them to better identify the characteristic structures of the heart, accurately locate the brachial plexus, and highlight the nerve, ultimately improving operational standardization. Now, this solution stands as the most comprehensive, professional, and leading smart solution built for the POC ultrasound field in the industry. It has been formally unveiled along with the TEX20, a high-end POC ultrasound system developed by Mindray.

3. **Microangiography imaging technique.**

   This technique enhances traditional ultrasound by acquiring raw RF data at high speed to generate super-resolution images, surpassing the spatial resolution limits of traditional ultrasound. The resolution advances from the millimeter level to the



micrometer level, enabling clear visualization of fine microvessels within tissues or tumors. This significant improvement is crucial for the early diagnosis of diffuse and space-occupying diseases in organs such as the liver, kidneys, thyroid, and breasts, and it aids in differentiating between benign and malignant tumors. With the official launch of the microangiography imaging technique in A20, an premium high-end cart-based ultrasound system, Mindray's ultrasound products have become the first in the industry to achieve super-resolution blood flow imaging in a clinical setting as a commercial device.

4. **Quality control of DR automatic images.**

Through automatic image quality control, quantitative indicators and suggestions are provided for the quality of image positioning and shooting parameters. This feature supports the establishment of the County Integrated Healthcare Organization and facilitates the promotion and implementation of a model where medical examinations are conducted by healthcare professionals at lower-level hospitals, and diagnoses are made by healthcare professionals at higher-level hospitals.

(2) Integrated innovations undertaken by the Company include:

1. **Innovative endoscope and ultrasound fusion solution for minimally invasive surgery.**

Embedded in the M11 high-end POC ultrasound system and the UX5 new generation optical laparoscope, the technology allows for the simultaneous integration of ultrasound imaging and optical endoscopy images on a single screen, as well as the control of ultrasound imaging using laparoscopic equipment. This integration considerably enhances surgeons' efficiency and clinical experience during procedures, delivering a more precise and ease-of-use solution for surgical applications. In addition, the real-time transmission of simultaneously displayed ultrasound and laparoscopic images to other screens enables relevant clinicians to observe and facilitates live broadcasting teaching.

2. **Integration solution for defibrillator monitoring and ultrasound imaging.**

This solution exemplifies the integration of point-of-care ultrasound and defibrillator/monitor features, making it an ideal representative in both the MIS and PMLS segments. Through the use of focused presets for ultrasound applications, it delivers high-performance imaging. With a FAST smart operation guidance and scanning instructions, it guarantees exceptional portability, ease of operation, and rapid response even in the complexity of pre-hospital emergency situations. This can significantly enhance emergency response efficiency, thereby striving to secure more precious life-saving opportunities for patients.

(V) Mergers and Acquisitions (M&A) - Empowers Industry Expansion and Enhancement

In the medical device industry, independent research and development and extension M&A are important ways to build industry chain strength and enhance core competitiveness. Due to the large number of sub-sectors and the limited technical and channel synergy between these different sub-sectors in the medical device field, entering new sectors through M&A is a crucial development strategy for leading enterprises, and it is also the necessary path for enterprises to expand and strengthen quickly.

Extension M&A has always been one of Mindray's growth foundations. Since embarking on the global M&A journey in 2008, multiple domestic and foreign mergers and acquisitions have greatly enhanced Mindray's core technologies, marketing platform integration, and new business expansion. As a result, Mindray has continuously built and solidified its global R&D and marketing integrated platform while accumulating rich experiences in mergers and acquisitions. It leads its domestic counterparts in terms of M&A efficiency, number of targets, and especially the depth of integration, gaining industry M&A integration experience and capabilities surpassing those of its counterparts.

Since its listing on the domestic capital market in 2018, the Company has carried out a series of important M&As, continuously exploring new business areas and searching for market spaces for long-term, greater, and sustainable growth. Considering the demands and characteristics of overseas markets, the Company will accelerate the construction of localized operational platforms specific to each overseas market.

1. In-vitro Diagnostics Field

IVD is one of the core segments that support our long-term development, and achieving comprehensive internationalization

of the IVD business is a development goal that the Company firmly pursues.

In the field of IVD, the independent capability of immunization raw materials is of vital importance. Self-development and self-manufacturing of reagent raw materials form the foundation of reagent innovation and are essential for ensuring quality. In 2021, the Company acquired HyTest Invest Oy and its subsidiaries (hereinafter referred to as "HyTest"), a globally recognized supplier of IVD antigens and antibodies. This acquisition has enabled the Company to have independent control over core technologies in the field of CLIA raw materials. During the Reporting Period, the integration between the Company and the R&D team of HyTest has progressed smoothly. New R&D projects from Hytest have been integrated into the Company's IVD segment for coordinated management. The IVD reagent R&D team of Mindray and the raw material R&D team of HyTest have started working together effectively and advancing actively on the R&D of new projects and achievements transformation. In November 2023, leveraging HyTest's technical advantages in raw materials, the Company unveiled three cardiac and inflammatory marker reagent products with performance reaching industry-leading levels.

Going forward, the Company will increase the investment in R&D and operations of HyTest, significantly expanding the scale of its R&D team and facilities, and enhancing its design and transformation capability and production capacity. This is to ensure that the future development of core raw materials by HyTest will provide a substantial uplift to the reagent performance of the Company's CLIA business. The goal of the Company is to cross the threshold of the world's leading brands in product competitiveness of the CLIA business over the next two years.

That said, the missing piece of the supply chain platform abroad has long hampered the Company's international expansion of the IVD segment, especially in breaking through medium to large-volume customer segments. To accelerate the international expansion of the IVD segment and break through the medium to large volume customer segments, we began developing strategic goals for building supply chain platforms abroad long ago.

On July 31, 2023, the Company announced that it plans to acquire a 75% stake in DiaSys Diagnostic Systems GmbH ("DiaSys"). The transaction will be made in cash. On November 30, 2023, the acquisition completed the shareholding rights transfer in accordance with the relevant provisions in the "Equity Purchase Agreement," and DiaSys has officially become a holding subsidiary of Mindray.

With the completion of the transfer, DiaSys will be integrated into Mindray's management system, and the integration teams of both parties will make joint efforts and cooperate in good faith to systematically advance DiaSys's integration in an orderly manner through product empowerment, joint development, and platform

expansion. The Company will fully leverage our proven experience and expertise in integrating and managing cross-border mergers and acquisitions. The acquisition of DiaSys Diagnostic will enable us to progressively roll out and improve our supply chain platform for international IVD businesses, such as CLIA, and enhance the capacity-building of overseas localization production, warehousing, logistics, and service, thereby ultimately laying a solid foundation for the comprehensive international expansion of IVD business and enhancing the overall competitiveness of Mindray's international IVD business. During the Reporting Period, the integration of various functions between the Company and DiaSys progressed smoothly. DiaSys's three localized production and delivery platforms in Europe, Asia-Pacific, and Latin America have been incorporated into the Company's global supply and delivery planning, while DiaSys's IVD reagent and calibration quality control research and development teams and products have been included in the Company's IVD reagents and calibration and quality control packages in the mid- and long-term development planning. Mindray's R&D, supply chain, and operations teams can now efficiently and collaboratively work with DiaSys's team to carry out work on the global supply chain and product package planning after integration.

In the future, the Company will make full use of DiaSys' supply chain and R&D platforms in Europe, Asia Pacific, and Latin America to support the breakthrough of overseas medium to large volume customer segments, improve the research and development of IVD products, and the support of quality control products and calibrators, accelerate the international layout of the Company's IVD business and enhance product competitiveness, achieving breakthroughs in customer groups.

2. Cardiovascular Field

The cardiovascular field has vast market potential, with rapid industry growth, and the Company is optimistic about the future development prospects in this sector. According to industry research reports and Company estimates, the global cardiovascular market size has reached USD 56 billion, with China's cardiovascular market size exceeding RMB50 billion, ranking second globally and domestically in the medical device market size, second only to the field of IVD field. Influenced by the aging population, combined with low surgical penetration rates and ongoing iterative upgrades in surgical techniques, the market growth rate in the cardiovascular field will be significantly higher than in other sectors.

Furthermore, while Mindray primarily focuses on medical equipment and IVD, its presence in the high-value consumables sector is very limited. In the future, under the trend of the aging population and the background of large-scale medical infrastructure construction in China and developing countries, the clinical usage of consumable products is bound to experience long-term rapid growth. Therefore, gradually entering the high-value consumables sector is crucial for Mindray's long-term development.

On January 28, 2024, the Company announced that it intends to use its own funds to acquire control of APT Medical Inc., a medical device company listed on the STAR Market, through "agreement-based transfer + voting rights" to swiftly lay out the cardiovascular sub-sector. On April 15, 2024, the Company received the "Confirmation of Securities Transfer Registration" issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The shares of APT Medical Inc. involved in this agreement-based transfer have been transferred and registered under the Company (fully-owned subsidiary Shenmai Control).

Through this transaction, Mindray will enter the relevant cardiovascular sector, expand its business's addressable market space, and nurture a new performance growth pole. At the same time, Mindray will play the role of an industrial investment integrator, through the industrial integration of complementary resources, to bring significant improvements in product R&D, innovation, production, and sales capabilities to both parties. It will also delve deep into the sub-sector, driving the development of electrophysiology and related consumables businesses. In the short term, leveraging its own advantages in the R&D system and organizational capabilities, the Company will assist APT Medical Inc. in comprehensively improving the core competitiveness of the three-dimensional electrophysiology system in product completeness, clinical performance, quality, and reliability, accelerate the clinical application of the three-dimensional electrophysiology system of APT Medical Inc. in the field of atrial fibrillation, and better meet the clinical needs of hospital customers. In the medium to long term, Mindray will continue to support APT Medical Inc. in focusing on its core business and becoming bigger and stronger in the cardiovascular field, and will jointly formulate integration plans in business development strategies, R&D, and marketing systems based on independent development of APT Medical Inc. Leveraging Mindray's accumulated experience and talent reserves in the medical device field, it will help assist APT Medical Inc. in enhancing research

and development capabilities and optimizing product performance.

In the future, Mindray will continue to optimize its product matrix, further enrich its streamlined business, and enhance the Company's overall competitiveness.

Mindray's mergers and acquisitions do not solely aim to expand revenue or increase profits but mainly focus on strengthening its main business, exploring new business areas, and supporting overseas development. Through mergers and acquisitions, it rapidly integrates cutting-edge technologies across the entire industry chain around the world, enhancing the comprehensive competitiveness of its existing businesses in high-end markets, accelerating the growth of emerging businesses, and achieving reinforcement of new technologies, expansion of product lines, and channel expansion.

In the future, Mindray will take advantage of its leading position, adhere to the two paths of internal R&D innovation and external M&A integration, continue to actively explore opportunities for external investment and M&A around the strategic development direction, accelerate the pace of M&A, speed up the mastery of core technologies, ensure the stability of the supply chain, and enhance the overall competitiveness of domestic medical devices.

(VI) Company Business Model

The Company is engaged in the R&D, manufacturing, marketing, and service of medical devices, with independent and complete systems of R&D, procurement, manufacturing, marketing, and service.

1. Profit Model

The Company mainly obtains sales revenue through the sale of medical device equipment and related accessories. The Company's profitability primarily comes from the difference between sales and after-sales service revenue and production costs and expenses.

2. R&D Model

The Company adopts an independent R&D model, and has currently developed an R&D innovation platform based on global resource allocation which includes twelve R&D centers with a total of 4,425 R&D engineers distributed across Shenzhen, Wuhan, Nanjing, Beijing, Xi'an, Chengdu, and Hangzhou in China, and Silicon Valley, New Jersey and Minnesota in the U.S, HyTest in Finland, and DiaSys in Germany. During the Reporting Period, the construction of Wuhan Research Institute project progressed smoothly, which is planned to become the Company's second largest R&D center.

12 R&D centers

with a total of 4,425 R&D engineers

(1) Medical Product Innovation (MPI) System

The Company has established an internationally leading Medical Product Innovation (MPI) system with a customer-oriented focus. Through demand management, product planning, portfolio management, and other practices, MPI ensures the development of products that accurately meet market needs.

(2) Industry-Academics-Research Cooperation System

The industry-academics-research cooperation is an important organizational form for the Company's technological innovation. Combining the actual needs of the enterprise, the Company

continuously encourages and explores, ultimately forming an enterprise-led, customer-oriented, and industry-academics-research integrated cooperation model, laying a solid foundation for rapid industrialization. At present, the Company has established a cooperation network with multiple universities, research institutions, hospitals, etc., mainly including Tsinghua University, Shenzhen University, Xi'an Jiaotong University, Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences, Shenzhen People's Hospital, and other units and organizations. In 2020, the Guangdong Innovation Center of High-Performance Medical Devices, jointly established by the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences, Shenzhen Mindray Bio-Medical Electronics Co., Ltd., and other units, was approved and upgraded to the National Innovation Center for High-Performance Medical Devices by the Ministry of Industry and Information Technology. This is one of the 26 National Manufacturing Innovation Centers formed in China and is the first National Manufacturing Innovation Center in Shenzhen. In 2021, Mindray was awarded the Second Prize in the 2020 China National Science and Technology Awards for the "Creation and Application of Fluorescent Dyes in Hematology Analysis" co-developed with the Dalian University of Technology.

3. Procurement Model

The Company has established a rigorous quality management system for raw materials and accordingly formulated a comprehensive suppliers' lifecycle management mechanism. When certifying new suppliers, the Company will conduct access assessments from multiple perspectives, such as technology, quality, service, delivery, cost, environment, social responsibility, and safety. After certification, the Company will continuously conduct dynamic performance assessments and management of suppliers to ensure that they continuously meet the Company's requirements. The Company currently has more than a thousand suppliers, most of which maintain long-term cooperative relationships with the Company.

The Company's products involve a wide range of raw materials, and the procurement methods mainly include standard parts procurement, custom parts procurement, and cooperation parts procurement.

Standard parts procurement refers to the mode of the Company's direct external procurement for raw materials with a high degree of standardization and strong industry commonality. In this mode, while ensuring the greatest extent possible of supply continuity, effectiveness, and stability, the Company strictly selects suppliers based on the principle of Total Cost of Ownership (TCO) optimization and continuously improves transaction processes through IT-based management platforms to reduce transaction costs.

Customized parts procurement refers to the mode where the Company adopts a joint development approach to customize raw materials with specific characteristics based on the Company's product design requirements. In this mode, the Company has established a comprehensive and complete process for technical development and quality and safety assurance.

Cooperation parts procurement means that for non-core raw materials that have formed a complete industrial chain, taking into account factors such as cost, production efficiency, and prevailing industry practices, the Company provides design plans and drawings and selects qualified cooperation manufacturers for production and supply. In this mode, the Company establishes a strict access system for suppliers of cooperation parts and implements rigorous quality control measures to ensure that the purchased cooperation parts meet the requirements of the Company's internal quality system.

4. Production Model

The production models adopted by the Company include the following four types: ETO (Engineer to Order), MTO (Make to Order), ATO (Assembly to order), and MTS (Make to Stock). Among them, the two most common production models used by the Company are ATO and MTS. According to the changes in market demand and in conjunction with the Company's sales targets, the marketing department regularly formulates sales forecasts, while the production and supply departments devise feasible production plans based on sales forecasts, customer orders, and inventory levels. The Company will also produce a certain quantity of universal semi-finished products or standard-configured finished products as inventory to ensure that, in the event of a sudden increase in customer orders, it can quickly produce the products needed by customers, thereby shortening product delivery cycles.

The production of the Company's products is mainly concentrated in its production facilities located in Shenzhen and Nanjing. All of the Company's domestic production facilities have been certified by ISO 9001 and ISO 13485. The production facilities in Shenzhen

passed FDA inspection in April 2017, while both the production facilities in Guangming District, Shenzhen and Nanjing have passed the certification audits of ISO 14001 (environmental management systems) and ISO 45001 (occupational health and safety management systems) by the certification body SGS. The Company currently has over 300,000 square meters of production facilities.

The Company has consistently maintained a close synergy between its R&D and production teams, with a focus on the product life cycle management process. During the R&D phase of introducing new products, the Company fully considered the convenience of production and optimized product design to enhance production efficiency and product quality.

The Company has been ramping up its manufacturing capacity and improving production management to establish advanced systems for quality management, lean production, and smart manufacturing through vertical integration, lean production, and smart manufacturing.

5. Sales Model

The sales model of the Company mainly includes two models: direct sales and distribution. The distribution model means that the Company first sells its products to distributors, who then sell them to end customers. The direct sales model means that the Company sells its products directly to end customers.

The Company adopts different sales models, which, on the one hand, are determined by the local market environment. In some countries and regions, due to the history of industry development, end customers' purchasing habits, and other reasons, the industry generally adopts the direct sales model, and it is difficult to find good distributor resources, so the Company mainly adopts the direct sales model in these regions. On the other hand, the Company adopts the distribution mode for the areas with good distributor resources and for the customers that are difficult to cover comprehensively with direct sales teams, which can help in giving full play to the advantages of the distribution model, expanding the Company's product coverage, enhancing customer satisfaction, and subsequently increasing the Company's overall market influence and sales scale.

In China, the Company mainly relies on distribution, supplemented by direct sales. Most of its products are sold through the Company's nationwide distribution network, while a small portion of its products is sold directly by the Company to end customers such as model hospitals, private groups, strategic clients, and government departments.

The Company's sales model in the United States is mainly direct sales. The Company has its own sales team in the U.S., which gathers market information directly from end customers, secures orders through bidding and commercial negotiations, and signs sales contracts with customers for the sale of goods. The direct sales products cover various levels of healthcare institutions, including large medical groups, integrated delivery networks, private hospitals, private clinics, private operating rooms, university hospitals, specialized hospitals, and GPO procurement organizations.

In Europe, depending on the industry characteristics of different countries, the Company adopts a sales model where both direct sales and distribution coexist, with direct sales predominant in some countries and distribution dominating in others.

In other countries and regions, the Company mainly relies on distribution, supplemented by direct sales.

(VII) Key Performance Drivers

The Company's continued growth in its main business segments is attributed to several factors, including the acceleration of medical device market expansion through the implementation of China new healthcare infrastructure buildup plans and the rapid growth of the

medical device industry in both developing countries and domestic markets. At the same time, the Company's broad business layout, the expanding advantages of hospital-wide Intelli-Digital solution, the accelerating penetration of overseas high-end customers, and the competitive advantages in R&D, production, and marketing have also contributed to its growth. The specific performance drivers include:

1. New Healthcare Infrastructure Buildup Plans Continue to Advance, and the Company's Advantages in Overall Hospital-wide Solutions Continue to Expand

In the domestic market, with the focus of new healthcare infrastructure buildup plans in the country being the expansion of large public hospitals, the main driver for the procurement of medical devices is the large projects for hospital-wide use, particularly in fueling the three major business segments of the Company, with the PMLS segment being the most stimulated.

One of the aim of new healthcare infrastructure buildup plans is to achieve homogenous development of medical services in new and old hospital campuses. Mindray's Intelligent ecosystem and hospital-wide digital solution can help medical staff to carry out homogenous monitoring, testing, and ultrasound examinations of patients across hospital campuses, and assist doctors in improving their diagnosis and treatment capabilities through the "equipment + IT + AI" Intelli-Digital solution. At the same time, most of the new hospital projects are overall planning, so Mindray's products, solutions and brands are highly consistent with the needs these projects, and can better support the construction of smart hospitals. From the perspective of Mindray's addressable market, as of the end of the reporting period, there is still more than RMB 20 billion of market space to be released for domestic new healthcare infrastructure buildup projects addressable.

In the overseas market, thanks to the Company's increasingly wider lead in delivering comprehensive solutions, we've even managed to get our medical equipment, including monitors and anesthesia machines, and collaborative IT solutions into multiple high-end customers. Such achievements have greatly enhanced Mindray's brand influence in the overseas high-end market, further solidifying our market leadership.

Currently, governments across the world are experiencing increased financial strain, leading to heightened price sensitivity in procurement for both government-led public health projects and private medical groups. This is undoubtedly an important advantageous factor for Mindray, as it excels in areas such as high operational efficiency, comprehensive product lines, and holistic solutions. Meanwhile, an increasing number of overseas hospitals are inviting Mindray to participate in their future construction to help improve their operational efficiency and the quality of diagnosis and treatment. In the future, Mindray will further promote international market sales transitioning from single products to department-level, hospital-wide, and cross-regional solutions.

2. Rapid Acceleration in Penetrating High-End Customer Groups in Overseas Markets, Further Elevating International Influence

During the Reporting Period, thanks to the high quality and excellent services, the Company has secured a large number of orders, expanding its reach of monitoring, IVD, ultrasound products, and complete solutions into more high-end hospitals, group hospitals, and ICLs. This expansion has accelerated our breakthroughs into public markets and high-end customer groups across various countries. In the PMLS field, the Company successfully added nearly 300 new high-end customers. In addition, more than 500 existing high-end customers have achieved horizontal breakthroughs of their product portfolios. In the IVD field, during the Reporting Period, the Company successfully added over 450 new high-end customers. In addition, more than 110 existing high-end customers have achieved horizontal breakthroughs in their product portfolios, encompassing some of the top local teaching hospitals/large-scale laboratories and several leading international hospitals. In the MIS field, the Company successfully added over 200 new high-end customers. In addition, more than 120 existing high-end customers have achieved horizontal breakthroughs of their product portfolios.

While continuously penetrating new high-end customers, the level of customers is also steadily improving, and the customer relationships have become closer, and Mindray's trusted, high-quality global brand image continues to strengthen, laying a solid foundation for the penetration of more products and solutions in the future.

Moreover, through sustained high investment in R&D, Mindray's product competitiveness has gradually earned recognition from high-end customers globally. As evidenced by Newsweek's 2023 ranking of the top 100 hospitals worldwide, known as the World's Best Hospitals list, the Company's products and solutions have been adopted by 80 of these premier hospitals. This coverage demonstrates that the Company possesses the capabilities needed to successfully compete with leading international medical device companies in the same arena of the international market.

Going forward, the Company aims to expand its reach by tapping into more high-end customers while strengthening our existing customer relationships. The goal is to achieve steady growth and establish a strong foundation for the Company to become a global leader in medical devices. As the global economy faces uncertainties and the government's financial burden intensifies, the world is also grappling with a shortage of healthcare professionals. The focus on safeguarding healthcare professionals' safety, boosting their efficiency, and diminishing training barriers has been enhanced. In the face of these trends, Mindray's products are poised to demonstrate more of their advantages, paving the way for better development opportunities in the international market.

3. Extensive Business Deployment and Continuous Expansion of Addressable Market Space

The Company's statistics show that the business segments that Mindray has laid out correspond to a domestically addressable market of more than RMB 100 billion. By contrast, the Company's domestic revenue in 2023 amounted to approximately RMB 21.4 billion, corresponding to a market share of merely 20%, significantly lower than the levels of some mature businesses. Specifically, the IVD segment had a market share of only 10-15%, while the minimally invasive surgery market share was a mere 2%. The business segments that Mindray has laid out correspond to an internationally addressable market of over RMB 450 billion. By contrast, the Company's international revenue in 2023 amounted to approximately RMB 13.5 billion, corresponding to a market share in the low single digits. Specifically, the Company predicts the addressable market in overseas developing countries will be similar to that in China, at over RMB 100 billion. However, the Company only recorded approximately RMB 8.8 billion in revenue in developing countries in 2023, corresponding to a market share of less than 9%.

Additionally, by acquiring APT Medical Inc., a medical device company listed on the STAR Market, the Company will enter the relevant cardiovascular sector, expanding its addressable market space and cultivating new sources of performance growth. According to industry research reports and Company estimates, the global cardiovascular market size has reached USD 56 billion, with China's cardiovascular market size exceeding RMB50 billion, ranking second globally and domestically in the medical device market size, second only to the field of IVD field.

The ongoing rapid expansion of the medical device industry in both the domestic and emerging markets overseas presents significant promising prospects for the business segments that have been laid out by the Company, particularly in developing countries other than China.

Mindray's mission since its establishment is "Advance medical technologies to make healthcare more addressable". The Company is committed to investing in R&D to seize development opportunities by accumulating R&D experience, iterating on technologies, and cultivating the market. The Company aims to make breakthroughs in core technologies and improve the cost performance of its products, providing affordable and high-quality medical services to hospitals and the general public, enabling more people to enjoy high-quality life care. This approach will ultimately lead to increased market share for the Company and a win-win situation for governments, hospitals, patients, and manufacturers.

4. The Company's Competitive Advantages Gained in R&D, Production, Marketing, and Other Areas are Increasingly Evident

The Medical Product Innovation (MPI) system serves as the cornerstone of the Company's independent R&D. During the Reporting Period, customer orientation and concurrent engineering, which are the two core concepts guiding the Company's product

innovation activities, have continued to expand and develop in depth, with their meanings becoming even more enriched. On the one hand, the Company continued to deepen its market-driven and customer-oriented mindset, emphasizing the importance of market scanning and customer needs assessment in business planning, product conception, and development. This has enabled the Company to consistently produce premium products that meet the evolving needs of its customers. Meanwhile, the Company remained committed to establishing customer-facing IT management platforms to further improve customer satisfaction, including an equipment management platform based on 5G and IoT, a product solution quotation and ordering platform, and a digital service management platform. On the other hand, the Company focused on carrying out concurrent engineering in the product innovation process, continuously enhancing its product core competitiveness. By starting with the entire business value chain, the Company has improved its activities through design implementations that consider procurement, manufacturing, sales, and service. The Company has taken into account the needs of various functions, including supply chain, manufacturing, marketing, and service, at the beginning of the product design phase, to enhance overall operational efficiency, benefit, and comprehensive competitiveness.

Meanwhile, the Company has incorporated product registration in over 100 countries into its MPI process system and established a cross-system team covering planning, R&D, and legal. Through strengthening registration demand management, registration regulation platform construction, performance incentives, and IT support, the Company has created an innovative and efficient global registration full life cycle management platform. This platform serves as a direct productivity tool for the Company's international business development and a guarantee for the continuous compliance of products on sale, as well as the rapid entry of new products into the international market.

Besides, the Company has consistently maintained a close synergy between its R&D and production teams, with a focus on the product life cycle management process. During the R&D phase of introducing new products, the Company fully considered the convenience of production and optimized product design to enhance production efficiency and product quality. The Company has been ramping up its manufacturing capacity and improving production management to establish advanced systems for quality management, lean production, and smart manufacturing through vertical integration, lean production, and smart manufacturing.

The Company implemented the concept of integrated supply chain transformation, consistently evolving, enhancing, and advancing the iterative S&OP (sales and operations) process, aiming to strike a balance between demand and supply while constantly refining supply chain management.

The Company's various sub-business products continue to obtain registrations under the European Union's new CE regulations and pass FDA registration. During the Reporting Period, Mindray's IVD production lines obtained IVDR registrations for multiple new immune and hematology projects, especially HCV products in infectious disease packages, which obtained IVDR certification at the highest risk level, Class D. A variety of new products launched during the Reporting Period, including minimally invasive, defibrillation, and ventilator products, have also successively obtained CE certificates under the EU New Medical Device Regulation (MDR) issued by the relevant notified bodies. The Company upholds a high standard of product quality and has established an efficient smart manufacturing system in line with this commitment. Thanks to the excellent quality management system in place, the Company's products have garnered widespread recognition from downstream customers.

The Company employed 4,578 marketing personnel as of December 31, 2023. The Company has established branches in over 30 provinces, municipalities, and autonomous regions across China and subsidiaries in more than 40 countries worldwide. Its products have reached over 190 countries and regions globally.

During the Reporting Period, the Company continued to enhance the integration of its domestic and international marketing systems. Firstly, the Company has successfully implemented a globally unified, efficient quotation system, a cost management and evaluation system, and a distributor self-ordering system. These systems, along with comprehensive optimization and iteration of the opportunity management system, alleviate marketing personnel from time-consuming tasks such as ordering, shipping, and logistics. Secondly, the Company adapted its successful domestic marketing strategy, characterized by "precise market segmentation, deep penetration, and catering to hospital needs", to international marketing initiatives, which involved establishing a multi-dimensional marketing team that closely integrates marketing personnel with clinical customers, enhancing customer stickiness and tapping into more potential clinical and academic requirements. Furthermore, the Company has set up a robust distributor management system and a matrix structure for global marketing. This development has effectively improved the systematization and granularity of marketing management, significantly enhanced synergy within the organization, spurred rapid team growth, and provided broader prospects for training and communication among team members.

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03 Industrial Landscape During the Reporting Period

According to the National Standard of "Industrial Classification for National Economic Activities" (GB/T4754-2017) issued by the National Bureau of Statistics, the Company belongs to the manufacturing of medical instruments and equipment (classification code: C358) in the Special Equipment Manufacturing (classification code: C35). According to the Industry "Guidelines for the Industry Classification of Listed Companies" issued by the China Securities Regulatory Commission, the Company falls under the Special Equipment Manufacturing Industry (classification code: C35).

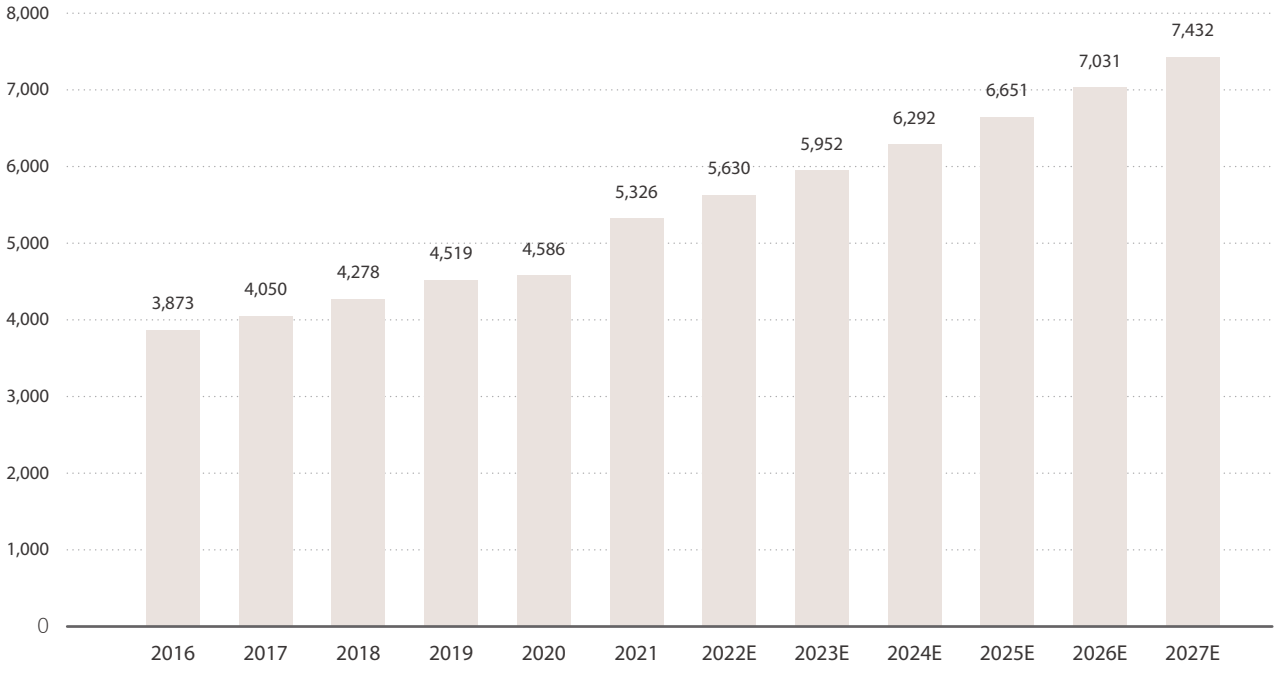
1. Industrial Development

Medical devices are an industry closely related to human life and health, with highly rigid demand, less affected by economic cycles and relatively high industry stability. With the improvement of economic levels, increasing healthcare awareness, and the continuous acceleration of population aging, there has been a substantial increase in residents' demand for healthcare worldwide, leading to annual increases in medical expenditure. Especially in recent years, countries worldwide have recognized their shortcomings and deficiencies in the prevention and control mechanisms for major infectious diseases and public health emergency management systems, triggering a wave of new healthcare infrastructure buildup plans and leading to continuous expansion of the medical device market.

(1) The Global Medical Device Market Continues to Grow Steadily, with Rapid Growth of the Medical Device Market in China and Developing Countries besides China

With the natural growth of the global population and the aging of society, the demand for the healthcare industry is expected to continue to increase. According to data compiled by the Shenzhen Association of Medical Devices, the global medical devices market size was USD 595.2 billion in 2023, and it is expected to maintain growth with a compound annual growth rate of 5.71%. By 2027, the global medical device industry will reach USD 743.2 billion.

Figure: 2016-2027 Global Medical Device Market Trends (USD 100 million)



Data sources: Modor Intelligence, The Business Research Company, iiMedia Research, and Shenzhen Association of Medical Devices

Developed countries benefit from their advanced healthcare systems and higher individual health awareness, with per capita medical device expenses well over USD 100, forming a massive consumer market, with the European and U.S. markets accounting for about 70% of the global medical device market. Meanwhile, the economic growth of developing countries has increased the consumption power of their domestic residents. With the gradual improvement of medical standards, the demand for medical devices is growing continuously, supporting the sustained growth of the global medical device market. In terms of market space, the total population of Europe and the United States is less than 1 billion, and the overall market share of developing countries in the Asia-Pacific, Latin America, the Middle East, and Africa is about 30%, with a population exceeding 7 billion. The growth rate of future market space is expected to be faster than that of developed countries.

The domestic medical device industry started relatively late but has maintained high-speed growth. China is a country with a vast population that is experiencing a steady rise in aging demographics. Thanks to rapid economic growth, enhanced public payment capacity, and improved healthcare system, the medical device industry in China has experienced rapid growth, becoming the second-largest market in the world. According to Roland Berger, as of 2022, the market size of the medical device industry in China was expected to reach RMB 958.2 billion with a CAGR of approximately 17.5% over the past 7 years, making China the second-largest market in the world after the United States.

According to the "China Medical Device Industry Development Report: Current Landscape and Outlook for the 14th Five-Year Plan," the revenue of China's medical device industry (data above designated size + data below designated size) reached approximately RMB 1,299.5 billion in 2022. It is projected to reach RMB 1,875.0 billion by 2025, an increase of RMB 1,245.3 billion compared to 2015, with a cumulative growth of 197.88% and a 10-year CAGR of 11.5%. However, looking at the proportion of per capita consumption of drugs and medical devices (drug-device ratio), the current ratio in China is merely 2.9, revealing a gap when compared to the global average of 1.4. This indicates that there is significant growth potential for the medical device market in China.

(2) Global New Healthcare Infrastructure Buildup Plans Promote Market Expansion of Medical Devices, and the Overseas Expansion of Domestic Medical Devices is Accelerating

Currently, the global wave of new healthcare infrastructure buildup plans is still accelerating, leading to continuous expansion of the medical device market. Whether in developed or developing countries, it has been recognized the importance of the completeness of their healthcare systems for national political and economic stability, thus increasing medical investment accordingly. Some European countries have already planned and implemented measures to address healthcare deficiencies, while the medical shortcomings exposed in developing countries are even more severe, and investment will continue to increase in the future.

Under the wave of global new healthcare infrastructure buildup plans, the demand related to medical device products remains high, providing unprecedented opportunities for Chinese medical device companies to go global. With the strengthening of enterprises' R&D and innovation efforts, the technical level of domestic medical devices has been significantly improved, and many sub-sectors have seen the emergence of products with independent intellectual property rights and solid international competitiveness, occupying increasingly important positions in the global market due to their cost-effectiveness.

Supported by national policies, the structure of export products of China's medical device industry has been continuously optimized, the proportion of middle and high-end medical device products has continued to increase, the proportion of high value-added products has continued to increase, the cost performance of medical consumables products has increased significantly, and the quality and efficiency have continued to improve. Taking the SWS Industry Index - Medical Devices listed companies as a sample, from 2018 to 2022, the proportion of overseas revenue of Chinese medical device companies increased from 22% to 34%. In 2022, the United States had the highest proportion among export countries, accounting for about 23%. The proportion of products going overseas, from highest to lowest, includes low-value consumables, equipment, IVD, and high-value consumables. The acceleration of overseas expansion signifies the significant strengthening of the global product competitiveness of domestic medical device companies.

While imported medical devices are still dominated by high-end products. At the end of 2023, the Ministry of Industry and Information Technology and the National Health Commission jointly held a working meeting convened a working meeting of the Leading Group for Promoting the Development and Application of Medical Equipment in Beijing, emphasizing the continued support for medical innovation and jointly promote the "Going Out" of excellent medical equipment.

(3) New Healthcare Infrastructure Buildup Plans Led by the Expansion of Large Public Hospitals Boost China's Medical Device Market Expansion

During the "14th Five-Year Plan" period, various policies were introduced to promote the high-quality development of public hospitals. In June 2021, the General Office of the State Council issued the "Opinions on Promoting the High-Quality Development of Public Hospitals," marking public hospitals entering a new stage of high-quality development. In September of the same year, the National Health Commission and the National Administration of Traditional Chinese Medicine formulated the "Action Plan for Promoting the High-Quality Development of Public Hospitals (2021-2025)," aiming that, by 2025, to preliminarily build a public hospital system that is adapted to the level of national economic and social development, compatible with the new demands of residents' health, coordinate between different levels, regional synergies, integrates medical treatment with disease prevention, emphasizes both traditional Chinese and Western medicine, and is of high quality and efficiency, thereby providing stronger support for implementing the basic medical and health care system.

As policy documents are gradually implemented, public hospitals are expected to maintain their dominant position and fulfill higher requirements for their diagnosis and treatment capability, as well as operations management capability. This will further drive the demand for related medical devices and IT information solutions in public hospitals.

Simultaneously, driven by policies, the new healthcare infrastructure buildup plans, primarily led by the expansion of large public hospitals, are gradually unfolding in China. With the continuous reinforcement of relevant policies and implementation of supporting funds, the new healthcare infrastructure buildup plans are gradually extending beyond major cities such as Beijing, Shanghai, Guangzhou, and Shenzhen to other regions, and have entered a new stage of "improving shortcomings, enhancing deficiencies, and strengthening weaknesses."

The implementation of the new healthcare infrastructure buildup plans requires a significant amount of funding, which is mainly sourced from local government special-purpose bonds, hospitals' own funds, and financial support from the central and local governments. Among them, investment in medical special-purpose bonds has seen a significant increase since 2020. Statistics from the Enterprise Early Warning System show that the issuance scale in 2023 was approximately RMB 265.674 billion, accounting for nearly 10% of the total special-purpose bonds issued in that period. However, influenced by the macro-policy environment, only RMB 8.018 billion of medical special-purpose bonds were issued in the fourth quarter of 2023. According to the 2024 "Report on the Work of the Government," special-purpose bonds for local governments of RMB 3.9 trillion are planned for 2024, an increase of 1 trillion yuan from the previous year. The Company expects the special-purpose budget scale for the healthcare sector to reach RMB 390.0 billion, providing greater financial support for future construction in the medical and health field.

The abundance of self-owned funds, as the most important source of funds for equipment procurement in the new construction and expansion of large hospitals, is mainly dependent on the operating conditions of the hospitals, and continuous improvement of the operating conditions will undoubtedly become a strong guarantee for the implementation of new healthcare infrastructure buildup plans. Since February 2023, routine diagnosis and treatment activities in domestic hospitals have been steadily recovering, and intra-hospital visits have been improving monthly. According to data from the National Bureau of Statistics, in 2023, the total number of medical visits in medical and health institutions nationwide was 9.56 billion, a YoY growth of 13.54%. In terms of medical insurance expenditure, the total expenditure of the domestic basic medical insurance funds (including maternity insurance) was RMB 2,814.033 billion in 2023. Among them, the expenditure of the basic medical insurance fund for employees (including maternity insurance) was RMB 1,771.780 billion, and the expenditure of the basic medical insurance fund for urban and rural residents was RMB 1,042.253 billion.

On March 24, 2024, at the China Development Forum 2024 Annual Meeting, the Director of the National Development and Reform Commission stated that efforts will be made to promote equipment renewal in 7 major areas, including industry, agriculture, construction,

transportation, education, culture and tourism, and healthcare. This is expected to create a huge market with an annual scale of over RMB 5 trillion. On April 7, 2024, to thoroughly implement the spirit of the Central Economic Work Conference and the Central Financial Work Conference, and implement the decisions and arrangements of the State Council Executive Meeting on promoting a new round of large-scale equipment renewal and trade of old consumer goods for new ones, the People's Bank of China set up re-lending facility for science and technology innovation and technological transformation of RMB 500.0 billion, with recipients including 21 financial institutions such as the China Development Bank, policy banks, state-owned commercial banks, Postal Savings Bank of China, and joint-stock commercial banks. The establishment of the re-lending facility for science and technology innovation and technological transformation will help guide financial institutions to provide credit support to science and technology-based small and medium-sized enterprises (SMEs) in the start-up and growth stages, as well as to digitalization, intelligence, high-end, and green technological transformation and equipment renewal projects in the above-mentioned 7 major areas, under the premise of independent decision-making and risk-bearing.

The implementation of new healthcare infrastructure buildup plans will lead to sustained expansion in the medical device market throughout the country. With the advent of the completion wave of hospital construction in 2023, medical equipment procurement plans have been put on the agenda. In addition, the ongoing implementation of the new healthcare infrastructure buildup plans has spurred a new phase of medical institution expansion, resulting in a growing demand for related medical equipment.

(4) Promotion of More Quality Medical Resources Available and Ensure that They are More Evenly Distributed among Regions, Ushering in Development Opportunities for Lower-tier Markets

On October 27, 2021, the National Health Commission printed and issued the *Work Plan for Improving the Comprehensive Capacity of County Hospitals of the "Thousand Counties Project" (2021-2025)*. The work plan explicitly advocated for promoting quality provincial and municipal medical resources weighted toward county-level hospitals, aiming to strengthen the medical service and management capabilities of county hospitals, gradually achieve the integration and sharing of medical resources within the counties, and allow county hospitals to fully unleash their leadership potential in the county healthcare systems and serve as a bridge between urban and rural healthcare systems. By 2025, a minimum of 1,000 county hospitals nationwide will progress to become tertiary hospitals with the requisite capabilities, acting as medical centers at the county level. This advancement will lay a solid foundation for the diagnosis and treatment of non-critical diseases within cities and counties.

In April 2023, the Ministry of Finance and the National Health Commission issued the subsidy funds budget for improving healthcare services and security (capacity-building of medical and health institutions) for the year 2023. The budget amounted to approximately RMB 6.274 billion, including a total of RMB 3.046 billion in subsidy funds allocated for the classification projects of county medical and health institutions. The notice stipulates: the subsidy standard for key counties supported by the national rural revitalization strategy will be raised to RMB 8 million/county. One municipal-level hospital will be selected for each prefecture-level city in high-altitude areas, and a subsidy of RMB 2 million/hospital will be provided. One county-level hospital will be selected from each county. Those meeting the basic standards will receive a subsidy of RMB 1 million/hospital, while those not meeting the basic standards will receive a subsidy of RMB 2 million/hospital. Over the next 3 years, a significant number of county-level hospitals across the country will drive the demand for equipment procurement, providing ongoing benefits to all medical device enterprises.

In January 2024, the National Health Conference was held in Beijing. The conference stated that the focus should be on promoting service capacity building at the grassroots level, continuously strengthening the capacity building of county hospitals, and advancing the "*Thousand Counties Project*." The landing and implementation of relevant policies and the opinions of important industry meetings fully reflect China's determination to see more quality medical resources made available and weighted toward the community level and ensure that they are more evenly distributed among regions under the "Healthy China" strategy, which also provides a broad market for the development of domestically produced medical devices.

As medical investment and resources continue to be decentralized, hospitals and medical institutions at the county level and below will gradually become the focus of increased construction in the future, the lower-tier market demand for medical devices will bring greater development opportunities, which will result in an extended duration and broader implementation scope for new healthcare infrastructure buildup plans across the country.

The major industry policies and opinions of important conferences during the Reporting Period are set out below:

Publication Time	Publishing Authority	Policy Document/ Important Conference	Main Content/Purpose
February, 2023	Central Committee of the Communist Party of China, State Council	No.1 Central Document for 2023	Promote the coordinated planning of medical and health resources at the county level, strengthen the capacity building of medical and healthcare and medical security services at the township and village levels, and enhance the prevention and control of infectious diseases and emergency response capabilities in rural areas.
February, 2023	General Office of the Communist Party of China Central Committee, State Council	Opinions on Further Deepening the Reform and Promoting the Healthy Development of the Rural Healthcare System	Regions and departments to conscientiously carry out the policies in accordance with local conditions. The aim is to make more quality medical resources available at the county level, ensure a more balanced distribution of these resources among regions, and encourage the emphasis and channeling of quality medical resources toward the community level. Moreover, a high-quality and efficient rural medical and health system should be established to cater to the rural areas' characteristics to ensure that farmers can have equitable, addressable, systematic, and continuous health services in close proximity, and ultimately safeguard people's overall health.
March, 2023	State Council	2023 Report on the Work of the Government	More quality medical resources are made available and weighted toward the community level and ensure that they are more evenly distributed among regions.
March, 2023	Ministry of Finance	Report on the Execution of the Central and Local Budgets for 2022 and on the Draft Central and Local Budgets for 2023	Strengthen the capacity of county-level public hospitals to support county-integrated healthcare organizations and rural medical centers in improving their service capacity, scaling up disease prevention efforts, taking steady and well-ordered measures to deepen the reform of medical insurance payment methods, and making headway in implementing unified management of basic medical insurance at the provincial level. China's health budget expenditure for 2023 is projected to be 2,421.1 billion yuan, representing an increase of nearly 167 billion yuan compared to 2022. In terms of healthcare, to support the improvement of medical and health services in 2023, the central government will allocate 170 billion yuan in general transfer payments, including 30 billion yuan of carryover funds produced by accrual accounting for the year 2022, with funding tilted toward county-level governments.
March, 2023	General Office of the Communist Party of China Central Committee, State Council	Opinions on Further Improving the Medical and Health Service System	Stress the importance of promoting the transformation of medical and health development toward more emphasis on intrinsic development, greater systematic continuity in service modes, and more scientific approaches in management, expanding high-quality medical resources and promoting regional balance in the distribution of medical resources, as well as building a high-quality and efficient medical and health service system with Chinese characteristics, ultimately creating a greater sense of fulfillment, happiness, and security among the people. The goal is that by 2025, the medical and health service system will be further improved, the allocation of resources and the balance of services will be gradually increased, the capacity for the prevention and control of major diseases, rescue and treatment, and emergency response will be significantly strengthened, the development of traditional Chinese medicine and Western medicine will be more coordinated, and positive progress will be achieved in the construction of an orderly medical treatment and diagnosis system.

Publication Time	Publishing Authority	Policy Document/ Important Conference	Main Content/Purpose
April, 2023	National Health Commission	2023 National Health Conference	Continue to make more quality medical resources available and weighted toward the community level and ensure that they are more evenly distributed among regions, promote the construction of national medical centers and national regional medical centers, and comprehensively improve the quality of medical care and the level of specialties.
July, 2023	National Healthcare Security Administration, Ministry of Finance, State Taxation Administration	Circular on the Implementation of Basic Medical Insurance for Urban and Rural Residents in 2023	Comprehensively implement the list-based system for medical security benefits to promote and promote unification of rules and specifications and benefit guarantee balance. On the basis of prioritizing the protection of residents' inpatient medical expenses, steadily improve outpatient benefit levels according to the level of economic and social development and fund's affordability, continuing support primary healthcare institutions and guide the masses to seek medical treatment at the primary level. Promote the role of medical insurance in rural revitalization.

(5) Medical system reform is being deepened, and centralized volume-based procurement of medical consumables is being normalized, promoting the concentration of the domestic medical device industry

As China's aging population accelerates and per capita medical expenditure continues to rise, the government has implemented various medical reform policies, including volume-based procurement, sunshine procurement, and DRG/DIP around the high-quality development of public hospitals, with the aim of easing conflicts between the shortage of medical insurance funds and people's pursuit of quality medical resources. These policies also aim to popularize high-end medical technologies and enable the government to afford the medical expenses of 1.4 billion people while reducing the burden of medical treatment on the general public and addressing the issue of limited access to medical attention and expensive healthcare services. This provides opportunities for high-quality domestic enterprises to accelerate entry into public medical institutions and also accelerates the development of industry concentration.

The National Health Commission continues its efforts to deepen healthcare reform. Guided by the performance appraisal of public secondary and tertiary hospitals, the goal is to encourage public hospitals to strengthen informatization construction and enhance surgical capacity. On March 30, 2022, the "National Health Commission printed and issued the Operational Manual for Performance Appraisal of National Tertiary Public Hospitals," proposing higher requirements for the uniformity and accuracy of data within tertiary hospitals. With the nationwide rollout of DRG/DIP, the integration and standardization of relevant data within hospitals have been vital in controlling the total amount of payments for basic medical insurance and ensuring that hospitals can operate normally.

DRG and DIP are important tools for deepening the reform of payment methods as well as important approaches for promoting and achieving high-quality reform and development of public hospitals. In November 2021, the National Healthcare Security Administration released the *Three-Year Action Plan for the Reform of DRG/DIP Payment Methods* (hereinafter referred to as the *Three-Year Action Plan*), setting out specific tasks to reform payment methods, with the aim of implementing the reform of diagnosis-related groups (DRG)/diagnosis-intervention packet (DIP) in all basic medical insurance coordination regions of the country by the end of 2024. The DRG/DIP payment is expected to cover all eligible medical institutions that provide inpatient services by the end of 2025, with diseases and medical insurance funds largely achieving full coverage. With the release of the *Three-Year Action Plan*, the reform of medical insurance payment officially enters a phase of rapid development, which in turn will compel hospitals to undertake

refined management in order to enhance their endogenous competitiveness.

The promotion of both DRG/DIP and the mutual recognition of test results is a promising endeavor to reduce the number of tests performed as a result of excessive diagnosis and treatment. But with the fact that the penetration rate of physical examination and surgeries remains at low levels, the country is still working on increasing its healthcare investment. It is expected that there will be continued growth in the demand for testing and the overall number of tests performed in the upcoming years. The implementation of DRG/DIP has imposed higher requirements on medical institutions to improve their capability of diagnosis and treatment while regulating their diagnosis and treatment practices. As a result, medical institutions are now empowered to focus more on improving their capability to accurately diagnose and treat diseases. Achieving precision diagnosis and treatment requires precision testing in the first place. The importance and value of diagnostic tests will not be only limited to IVD but will also extend to other fields, such as medical imaging. Moreover, the diagnosis and treatment of many diseases often entail joint diagnostic tests that combine different fields, such as IVD and medical imaging, highlighting the critical role of clinical testing in the DRG/DIP payment system.

DRG and DIP will become more effective in alleviating the burden on medical insurance funds and reversely, exerting pressure on equipment suppliers to lower product prices. This will become particularly important as hospitals and medical insurance funds face mounting financial pressure, making it essential for hospitals to prioritize both clinical diagnosis and treatment efficiency and cost control. In addition, DRG and DIP will further enhance the regulation of the domestic medical environment and medical insurance expenditure structure, making a direct impact on the hospitals' clinical laboratories to prioritize the procurement cost of consumables. As a result, the market penetration of products with high cost-effectiveness and core competitiveness will be increasingly expanding. This will have a profound effect on the full production chain of the medical device industry.

Centralized volume-based procurement (hereinafter referred to as "centralized procurement") is an important measure that deepens health reform and addresses the issue of limited access to medical attention and expensive healthcare services. The country's top leadership continues to issue policies that set out specific requirements and development directions for the centralized procurement of medical consumables, covering various aspects such as centralized drug procurement and centralized high-value consumable procurement. The centralized volume-based procurement system, as an important step in reforming the pharmaceutical pricing mechanism, is set to become the dominant procurement mode for public hospitals, bringing benefits to our people. The General Office of the State Council issued the *Plan for Universal Healthcare Security during the 14th Five-Year Plan Period* in September 2021. According to the plan, active efforts will be made to promote the centralized volume-based procurement of drugs and medical consumables during the 14th five-year plan period. The focus will remain on a selection of drugs and medical consumables with high clinical usage, high procurement price, sufficient market competition, and suitability for centralized volume-based procurement.

The core objective of pushing forward centralized procurement at the national level is to reconcile the conflict between limited medical insurance funds and people's pursuit of better medical resources. Centralized procurement facilitates the streamlining and optimization of channels, removal of unnecessary steps in the circulation process, purification of the business environment, and improvement of procurement efficiency, and ultimately benefits both hospitals and our people. Health reform is not intended to reduce healthcare spending. On the contrary, with healthcare investment as a share of GDP and per capita medical resources remaining low, the country is more determined to increase its healthcare investment, so that a greater number of our people can afford and access better healthcare services.

In the future, the trend of medical insurance cost control will continue for a long time, presenting unprecedented development opportunities for domestic enterprises with core competitiveness. Through the implementation of centralized procurement in certain product fields, top-notch leading enterprises can strengthen their competitive advantages and expand their market share with high-quality products, sufficient production capacity, a broad and diverse customer base, and efficient management practices.

In general, the above mentioned policies, including the performance appraisal system for public hospitals, DRG/DIP, and centralized volume-based procurement, are expected to enhance the service quality and operational efficiency of hospitals, promote rational utilization of medical insurance funds, and alleviate the financial burden of medical treatment on the people. The government also emphasizes the importance of ensuring reasonable profitability for manufacturers and encourages domestic enterprises to engage in independent innovation. Because the only way to truly facilitate expensive medical devices that are dependent on imports to lower prices and address the root causes of the issue of limited access to medical attention and expensive healthcare services for our people is for domestic enterprises to master core technologies and create products that meet clinical needs. This also provides opportunities for high-quality domestic enterprises with expertise in core technologies and cost-effective products, facilitating their penetration into public medical institutions and accelerating the industry's survival of the fittest. In the long term, with the accelerated and healthy development of the domestic medical device industry, a number of globally competitive Chinese enterprises are expected to emerge.

The relevant industry policies and opinions of important conferences during the Reporting Period are set out below:

Publication Time	Publishing Authority	Policy Document/Important Conference	Main Content/Purpose
March, 2023	National Healthcare Security Administration	Circular of the General Office of the National Healthcare Security Administration on the Work Plan of Centralized Pharmaceutical Procurement and Price Management in 2023	It clearly states that in 2023, efforts will be made to promote centralized volume-based procurement for medical consumables and continue to explore the volume-based procurement of IVD reagents. Anhui Province will take the lead in the procurement of IVD reagents through the inter-provincial alliance.
March, 2023	National Healthcare Security Administration	Reply to Recommendation No. 3298 of the Fifth Session of the 13th National People's Congress	In response to the issue proposed by the deputies to further improve the DRGs payment system of medical insurance regarding issues related to new medical technologies, the National Healthcare Security Administration has provided a clear response and scaled up its support for excluding innovative medical devices from DRG, and specifically endorses local healthcare security administrations to explore the establishment of relevant mechanisms for CHS-DRG payment to promote the development of new medical technologies in their pilot work.
July, 2023	National Health Commission	Circular on the Issuance of Key Tasks for Deepening the Structure Reform of the Medical and Health System in the Second Half of 2023	Normalize centralized volume-based procurement for pharmaceuticals and medical consumables. Initiate new rounds of centralized volume-based procurement for pharmaceuticals and medical consumables organized by the State. Guide provinces (autonomous regions and municipalities directly under the central government) to carry out at least one round (including inter-provincial alliances) of centralized volume-based procurement for pharmaceuticals and medical consumables within the year.

(6) National and local policies have been introduced intensively to boost the development of innovative medical devices, ushering the industry into a stage of high-quality development

At present, China's medical device enterprises are still in a "small and scattered" situation. According to data from the authoritative third-party website Medtech Insight, the total revenue of the enterprises with TOP 10 global medical device revenues in 2022 was about USD 220.3 billion, which was 15.21 times that of the enterprises with TOP 10 medical device revenues in China in the same period, and the total revenue of the enterprises with TOP 20 global medical device revenues was about USD 305.9 billion, which was 18.50 times that of the enterprises with TOP 20 medical device revenues in China in the same period. From the perspective of market concentration, from 2019 to 2022, the companies with the Top 100 global medical device revenues accounted for 88.90%, 89.20%, 90.70%, and 94.08% of the global market respectively, while the listed companies with the Top 100 medical device revenues in China in the same period accounted for 20.90%, 19.00%, 20.00%, and 31.91% of China's overall market respectively. Whether judging from its own data or comparative data from the global market, the market concentration of Chinese medical device companies remains quite low, and there is still a lot of room for improvement.

Since the beginning of the "14th Five-Year Plan," both the central and local governments have attached greater importance to the development of the medical device industry, introducing policies to create an open and inclusive innovation and entrepreneurship environment for medical device companies, thereby facilitating high-quality development of the industry. According to the "Medical Device Registration Work Report for 2023" released by the National Medical Products Administration in February 2024, the innovative medical devices in 2023 achieved a quality and quantity bumper. In 2023, the National Medical Products Administration approved a total of 61 innovative medical devices and prioritized 12 medical devices for approval. The number of approved innovative medical devices reached a new high, with an increase of 6 over 2022. While the number is increasing, the "value" of innovative medical devices continues to rise. It is the first in the world to approve the launch of a disposable circular pulmonary artery radiofrequency ablation catheter that treats pulmonary hypertension by destroying sympathetic nerves. Technologies such as single-photon emission and X-ray computed tomography systems, single-port laparoscopic surgery systems, and intracranial thrombectomy stents have reached the world's leading level, better meeting the public's demand for high-end medical devices.

In addition to accelerating approvals at the central level, various provinces and municipalities have successively introduced relevant policies to expedite the approval of high-end medical devices, support innovative R&D in high-end medical equipment, and promote the high-quality development of the pharmaceutical industry, facilitating the acceleration of pharmaceutical and medical device innovation in China. Supported by these policies, the level of medical device innovation in China has significantly accelerated, with innovative products emerging rapidly and the product structure continuously optimizing, leading the industry to enter a stage of high-quality development.

List of some national and local policies supporting medical device innovation in recent years:

Publication Time	Publishing Authority	Policy Document/ Important Conference	Main Content/Purpose
July, 2022	Ministry of Industry and Information Technology, National Health Commission	The exposure draft on the Administrative Measures for High-end Medical Equipment Application Demonstration Bases (Trial)	High-end medical equipment refers to medical equipment of which product performance has reached the international advanced or domestic leading level. The product categories mainly include diagnostic inspection equipment, treatment equipment, monitoring and life support equipment, traditional Chinese medicine diagnosis and treatment equipment, maternal and child health equipment, health care and rehabilitation equipment, active implantable and interventional medical devices, etc. According to the exposure draft, in clinical application demonstration, well-known medical institutions will take the lead in cooperating with regional medical resources and leading production enterprises to carry out research on new product diagnosis and treatment technology and comprehensive surgical compound operating room solutions, and explore a new mode of medical-industrial cooperation that can be replicated and popularized, which will play a strong demonstration role in promoting the development and application of innovative medical equipment.

Publication Time	Publishing Authority	Policy Document/Important Conference	Main Content/Purpose
July, 2022	Beijing Municipal Medical Insurance Bureau	The Circular on Printing and Issuing the Measures for Administration of the Exclusion from CHS-DRG Payment for New Drugs and New Technologies (Trial Implementation).	Innovative drugs, medical devices, diagnosis, and treatment products that feature innovation and clinical benefits, as well as have a substantial impact on the DRG payment standard, can be exempt from coverage under the DRG payment mode. Beijing is among the cities selected to pilot the DRG payment mode in China. The issuance of the circular heralds that innovative products with true clinical value can be excluded from DRG payment and instead, can be paid separately based on their actual costs. The policy sets an example and serves as a driving force for promoting innovation.
July, 2022	Development and Reform Commission of Shenzhen Municipality	Several Measures to Promote the High-quality Development of High-end Medical Device Industry Cluster in Shenzhen	Focus on supporting high-end medical imaging, IVD, life monitoring and life support, high-end implantation and intervention, emergency treatment, tumor radiotherapy, medical endoscopy, gene detection, optical equipment, DNA synthesizer, intelligent rehabilitation AIDS and health management instruments and equipment, various reagents and products required for disease screening and accurate drug analysis, high-end implantation and intervention products such as stent valves, ventricular assist devices, intraocular lenses and orthopedic devices, biodegradable materials, tissue and organ induced regeneration and repair materials, novel oral materials, high-value domestic substitute consumables and other biomedical materials, surgical robots, intelligent software and other applications of artificial intelligence information technologies in medical equipment scenes. The Measures specifically promote the development of industrial clusters by strengthening the innovation source ability of medical device industry, strengthening the ability of scientific and technological transformation and industrialization, increasing the application demonstration of innovative products, deepening the reform of clinical trials, and making every effort to build medical device characteristic parks.
February, 2023	Central Committee of the Communist Party of China, State Council	Outlines for Building China into a Strong Nation in Quality Construction	Accelerate the upgrading of product quality, strengthen the full lifecycle management of pharmaceuticals and vaccines, and promote the expedited evaluation and approval of pharmaceuticals and medical devices urgently needed for clinical treatment and rare diseases.
August, 2023	Ministry of Finance, Ministry of Commerce, State Taxation Administration	Announcement on Value-Added Tax Policies for Equipment Purchases by Research and Development Institutions	To encourage scientific research and technological development and promote scientific and technological progress, it continues to provide a full VAT refund on the procurement of domestically produced equipment by domestic-funded R&D institutes and foreign-funded R&D centers, including many domestically produced medical device products.
August, 2023	State Council	The State Council executive meeting approved the "Action Plan for High-Quality Development of the Pharmaceutical Industry (2023-2025)" and the "Action Plan for High-Quality Development of the Medical Equipment Industry (2023-2025)"	The pharmaceutical industry and the medical equipment industry are important foundations of the healthcare industry and are crucial for people's lives and well-being and overall high-quality development. It is necessary to attach great importance to promoting and applying domestically produced medical equipment, improving relevant support policies, and promoting the iteration and upgrading of domestically produced medical equipment. Efforts should be intensified to cultivate talents with cross-disciplinary expertise in medicine and engineering, supporting universities and enterprises in jointly training a group of leading talents in the medical equipment field. In this meeting, once again, the state encouraged and guided the development and expansion of leading domestic medical equipment enterprises from a perspective of top-level design, continued to provide comprehensive policy support, and effectively promoted the development of the industry into a new stage.

Publication Time	Publishing Authority	Policy Document/Important Conference	Main Content/Purpose
September, 2023	Guangzhou Municipal Health Commission	Announcement on Publicly Soliciting Opinions on the "Automated External Defibrillator (AED) Equipment Specifications in Public Places of Guangzhou (Interim)"	It is planned to equip AEDs in public places based on factors such as population density, personnel flow, distribution distance, key areas, and venue size, and on the principle of obtaining an AED and arriving at the scene within 3-5 minutes, aiming at improving the efficiency of emergency rescue, safeguarding the lives ensuring the safety of citizens' lives, and reducing the mortality rate of sudden cardiac arrest. Additionally, it is proposed to specify subjects responsible for the daily use and management of AEDs, personnel training, emergency plans, and drills to ensure that AEDs are "not only well equipped but also well managed and used."
December, 2023	National Development and Reform Commission	Guidance Catalogue for Industrial Structure Adjustment (2024 Edition)	In the Catalogue of Encouraged Industries, "Innovative Development of High-End Medical Devices" includes: new gene, protein, and cell diagnostic equipment, new medical diagnostic equipment and reagents, high-performance medical imaging equipment, emergency and critical care life support equipment such as extracorporeal membrane oxygenation machines (ECMO), AI-assisted medical devices, mobile and remote diagnosis and treatment equipment, high-end surgical equipment such as endoscopic surgical robots, high-end rehabilitation aids, high-end implantation and intervention products such as brain pacemakers and fully biodegradable vascular stents, and the development and application of biomedical materials and additive manufacturing technology. Medical devices are extending towards specialization and the high end of the value chain.

(7) Technology Enables Smart Healthcare Construction Soars, Artificial Intelligence Becomes an Important Engine for Digital Intelligence Transformation in Medical Industry

After four scientific and technological revolutions, spanning the Steam Age, the Electrification Age, and the Information Age, human society has evolved into a new era characterized by "digitization, intelligence, and low-carbon" as the productive forces. Currently, the new round of scientific and technological revolution with artificial intelligence as the core is accelerating, driving various industries to advance from "digitalization" to "digital intelligence," becoming an indispensable key engine for profound industrial transformation. As digital intelligent technologies continue to embed into key aspects of the industry chain, smart healthcare solutions based on scientific and technological innovation and clinical scenarios will present more possibilities, boosting the surge of digital intelligence transformation of the medical device industry.

In terms of policies, in December 2023, the National Bureau of Statistics and seventeen other departments jointly issued the "Three-Year Action Plan (2024-2026) for Data Elements X," outlining the data element market from a top-level design perspective, promoting the multi-scenario application and multi-entity reuse of data, and activating the potential of data.

In terms of basic technologies, the rapid development of technologies such as 5G, big data, the Internet of Things, and artificial intelligence provides cutting-edge technological support for smart healthcare, and big data application technologies such as cloud computing, distributed storage, and natural language processing are becoming increasingly mature, bringing rich imagination space for AI-enabled healthcare.

In terms of market demand, the development of tools such as intelligent medical diagnosis and intelligent medical-assisted decision-making through artificial intelligence technology, thereby improving the accuracy and efficiency of medical services and reducing medical costs, serves as a breakthrough point in for the combination of clinical issues and intelligence, and is also the key for the R&D results to have actual clinical application value.

Therefore, the application of artificial intelligence in the medical field can not only improve the precision and effectiveness of medical services but also provide convenience for telemedicine and mobile healthcare, which is conducive to improving the accessibility of medical services, optimizing the allocation of medical resources, enhancing the quality and efficiency of medical services, and promoting the transformation of medical services towards patient-centered care.

In the future, under the guidance of the new medical insurance scheme, with the support of policies and the empowerment of cutting-edge technologies, smart healthcare will enter a new stage of development. At the same time, with the substantial increase in clinical demand for telemedicine and equipment information integration, the digital intelligent transformation of the medical device industry will accelerate.

2. Industry Characteristics

The medical device industry is closely related to human life and health, making it an integral part of the construction of the medical and health system and holding a highly strategic position. The degree of development of the medical device industry has become an essential indicator for measuring a country's technological and national modernization levels.

The demand in the medical device industry is rigid, and the industry is highly risk-resistant. Meanwhile, as the population ages, new demands continue to emerge, stimulating the continuous emergence of new technologies.

As an essential component of modern clinical medicine, disease prevention and control, public health, and health security systems, the medical device industry maintains balanced and stable growth on both the supply and demand sides. From the supply side, factors such as the complex and diverse basic disciplines, R&D paths with stable underlying technology but continuously iterated products, manufacturing processes for high-end precision instruments, and accumulation of years of clinical experience contribute to the extremely deep moat of the medical device industry. The world's top 50 list has remained stable all year round. From the demand side, the demand for medical treatment is essentially brought by the aging population and the people's pursuit of more and higher-quality medical resources. This demand will continue to exist and grow steadily but is unlikely to undergo short-term explosive growth, making the medical device industry less subject to pronounced cyclicality.

The medical device industry is an interdisciplinarity and technology-intensive industry. The industry's interdisciplinarity is reflected in its involvement in multiple disciplines, such as polymer materials, life sciences, and clinical medicine. Its technology intensity is reflected in its production technologies, which involve the combined application of multiple technologies, such as pharmaceuticals, machinery, and materials, making it a typical high-tech industry. Since the intellectual property rights of medical device products involve hardware, software, and operating systems, they possess a certain level of complexity, and there are a large number of related patent rights and copyrights, with no clear patent cliff, and the products have a long lifecycle.

3. The Company's Position in the Industry

The principal products of the Company mainly cover three areas, namely PMLS, IVD, and MIS. The Company owns the most complete product lines in its industry in China and meets clinical demands with safe, efficient, and easy-to-use "one-stop" products and IT solutions. After years of development, the Company has become a world-leading supplier of medical devices and solutions.

Headquartered in Shenzhen, China, the Company has 62 international subsidiaries in about 40 countries in North America, Europe, Asia, Africa, Latin America, and other regions as well as 26 subsidiaries and more than 30 branches in China. An R&D innovation platform based on global resource allocation has been established, with 12 R&D centers in Shenzhen, Wuhan, Nanjing, Beijing, Xi'an, Chengdu, Hangzhou, the United States (Silicon Valley, New Jersey, and Minnesota), HyTest in Finland, and DiaSys Diagnostic in Germany, forming a huge global network that integrates R&D, sales and marketing, and services.

62
international subsidiaries

26
subsidiaries in China

about 40
countries

more than 30
branches in China

In the domestic market, in recent years, the Company's products have been continuously accepted by the top medical institutions in China, and the products sold have fully covered three major business areas: PMLS, IVD and MIS, while realizing Integrated solutions from low end to high end and from departments to the hospital-wide use. At the same time, with rich product solutions and information technology advantages, the Company's products have been widely recognized in large public hospitals, especially in weaknesses improvement, and hospital reconstruction and expansion projects, which makes the Company win bids in many large-scale government procurement bidding projects at or above the provincial level.

During the Reporting Period, the Company's products covered nearly 110,000 medical institutions and more than 99% of Class III Tertiary hospitals in China, and the product penetration rate was further improved. According to the Company's statistics, the market share of most sub-products in the field of PMLS, such as monitors, ventilators, defibrillators, anesthesia machines, infusion pumps, surgical lights, operating tables and medical supply units, hematology business in the field of IVD, and ultrasound business in the field of MIS, has become the first in China.

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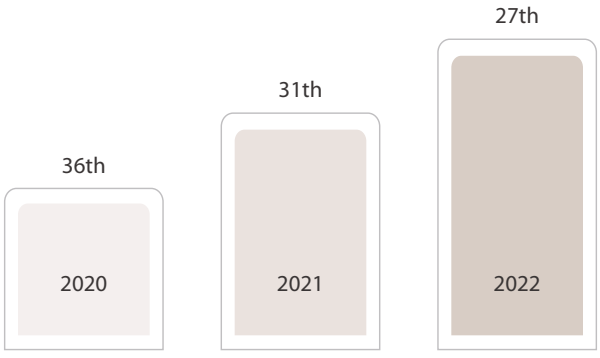
more than **99%** of Class III Tertiary hospitals in China

In the international market, Mindray has benefited from over twenty years of long-term market cultivation and brand building. In recent years, with high-quality products and a comprehensive service system, the Company has accelerated its breakthroughs in the public markets and high-end private customer groups in various countries. While continuously breaking through high-end customer groups, the Company has upgraded customer stickiness, strengthened customer relationships, established a reliable and high-quality global brand image, and laid a solid foundation for more product penetration in the future. According to the Company's statistics, the market share of monitors, anesthesia machines, ventilators, defibrillators, and hematology in the world during the Reporting Period has achieved the top three positions in the market, with ultrasound achieving a top three position globally for the first time.

During the Reporting Period, the Company firmly seized the opportunity, its monitoring, inspection, ultrasound products and overall solutions entered more overseas high-end hospitals, group hospitals and large chain laboratories, and new high-end customer groups were continuously developed. During the Reporting Period, in the field of PMLS, the Company developed nearly 300 new high-end customers, and more than 500 existing high-end customers achieved horizontal breakthroughs in more products; in the field of IVD, the Company developed more than 450 new high-end customers, including over 100 private laboratory chains, and more than 110 existing high-end customers have achieved horizontal breakthroughs in more products; and in the field of MIS, the Company developed more than 200 new high-end customers. In addition, more than 120 existing high-end customers have achieved horizontal breakthroughs in more products.

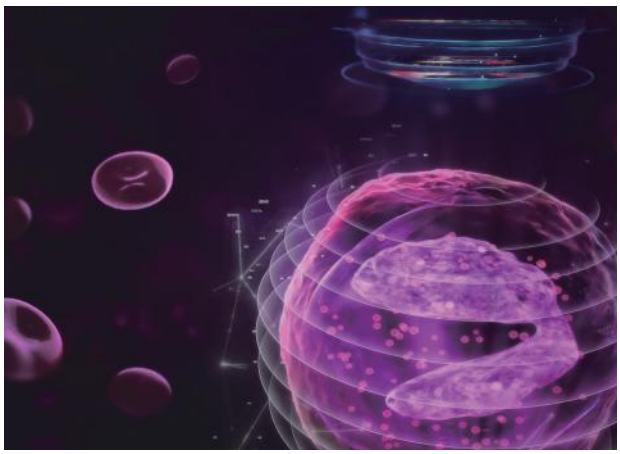
In terms of global market rankings, according to Wind's latest fiscal year revenue data for each listed company in the global medical device industry as of the end of 2022 (large group companies involved in diversified businesses only include their medical device business revenue for ranking), the Company ranked 36th, 31st, and 27th respectively in 2020, 2021 and 2022, and its ranking increased year by year, constantly advancing towards the goal of the top 20 global medical device enterprises. Meanwhile, compared to the world's top-ranked century-old medical device giant, the Company's revenue in 2023 was only 15% of theirs, and there is still a significant gap and room for development.



Under the background that the global economy is facing risks and the government's financial pressure is intensifying, Mindray's product advantages will be further reflected, and the Company will usher in better development opportunities in the international market in the future. As of the end of December 2023, Mindray had participated in the formulation and revision of 107 international standards, national standards, industry standards, and group standards, including 2 international standards; participated in the formulation and revision of 22 national standards, of which Mindray ranks in the top 3 drafting units for nearly 70% of the projects; participated in the formulation and revision of 69 industry standards, more than 40% of which were led by Mindray as the first drafting unit, and more than 65% of which ranked the top 3 among drafting units; and participated in the formulation and revision of 14 group standards, 2 of which were led by Mindray as the first drafting unit, and 2 being actually written by Mindray. Mindray has participated in the development and revision of a total of 81 standards that have been officially released, and is currently participating in the development and revision of 26 standards, including the national standard "GB/T 42125.14-2023 Safety requirements for electrical equipment for measurement, control and laboratory use -- Part 14: Particular requirements for automatic and semi-automatic laboratory equipment for analysis and other purposes" was officially published on March 17, 2023. For industry standards, various standards from the YY 9706 series have been successively released from January to March 2023, including "YY 9706.246-2023 Medical electrical equipment – Part 2-46: Specific requirements for basic safety and basic performance of operating tables," "YY 9706.256-2023 Medical electrical equipment – Part 2-56: Specific requirements for basic safety and essential performance of clinical thermometers for body temperature measurement," "YY 9706.249-2023 Medical electrical equipment – Part 2-49: Specific requirements for basic safety and basic performance of multi-parameter patient monitors," "YY 9706.230-2023 Medical electrical equipment – Part 2-30: Specific requirements for basic safety and basic performance of automatic non-invasive blood pressure monitors," "YY 9706.261-2023 Medical electrical equipment – Part 2-61: Specific requirements for basic safety and basic performance of pulse oximetry equipment," "YY 9706.284-2023 Medical electrical equipment – Part 2-84: Specific requirements for basic safety and essential performance of ventilators for emergency medical service environments." Additionally, standards such as "YY/T 1106-2023 Electric operating table," "YY/T 1240-2023 D-dimer assay kit (immunoturbidimetric method)," "YY/T 0767-2023 General technical requirements for color ultrasound imaging equipment," "YY/T 1919-2023 Ultrasound contrast imaging performance test method," "YY/T 0841-2023. Medical electrical equipment Periodic testing and post-repair testing of medical electrical equipment," "YY/T 0466.1-2023 Medical devices - Symbols to be used with information to be supplied by the manufacturer - Part 1: General requirements," and "YY/T 1906-2023 Disposable sterile closure clip" have all been formally published. In the year 2023, Mindray participated in the development and revision of a total of 14 standards that were officially released.

During the Reporting Period, the Company received honors and awards in product quality, including: the 2023 National Unit of Outstanding Performance in Adverse Reaction Monitoring, the 2023 Outstanding Unit in Adverse Pharmaceutical Reaction Monitoring Work in Guangdong Province, and the Chief Instrumental Partner in the Fifth China Animal Hospital Management Conference.

During the Reporting Period, the Company remained committed to its high R&D investment, with R&D expenditure reaching RMB 3,779.01 million, representing a YoY increase of 18.43%, and accounted for 10.82% of the revenue. The Company continued



R&D expenditure reaching million RMB

3,779.01

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to enrich its product offerings, upgrade its technologies, and in particular, achieve breakthroughs in high-end products.

The Company pays attention to protecting independent intellectual property rights through patents. As of December 31, 2023, the Company has applied for 10,090 patents, including 7,222 invention patents; and granted a total of 4,767 patents, including 2,226 invention patents.

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4. Successful Bids for Company Products in Centralized Procurement

Since the second half of 2021, the Company has proactively responded to the national centralized procurement policy by undertaking various initiatives. These include active participation in several centralized procurement projects, including Anhui Province's centralized procurements for chemiluminescence immunoassay (CLIA) and coagulation products, the centralized procurements of liver function and biochemical products by 23 provinces, with the Jiangxi Province Healthcare Security Administration leading the way, the centralized procurements for IVD product portfolio in Ningde City and Nanping City of Fujian Province, and the negotiation for the entire IVD product portfolio with the Nanjing Municipal Healthcare Security Bureau. By leveraging its diverse product lines in the IVD segment, the Company has successfully seized the opportunity to accelerate its market share growth, all the while adapting to policy changes.

In September 2021, the Nanjing Municipal Healthcare Security Bureau took the lead in negotiating the comprehensive procurement of medical consumables with the Company, with active participation from the Company's entire IVD product portfolio. In 2022, through negotiations, the Company's equipment and TLA have been fully integrated into 29 of the top-tier hospitals in Nanjing, with 60% of them being previously untapped customers. As a result, the Company's sales in the IVD segment have more than doubled, with an increment in reagent revenue exceeding RMB 12 million. In 2023, after two rounds of negotiations, the previous overall negotiation project was continued, and the number of hospitals with volume-based procurement increased from 29 to 40. Through overall negotiation and volume-based procurement, a breakthrough in installing high-end customers, such as Jiangsu Province Hospital and Jiangsu Province Hospital of Chinese Medicine, was successfully achieved. The MT8000 TLA in Nanjing Women and Children Healthcare Hospital was installed, and the overall contribution to the output increased by 96%.

In July 2022, the centralized procurement launched by Ningde City and Nanping City of Fujian Province set a precedent for centralized procurement of IVD products in prefecture-level cities. The Company's major IVD products, including CLIA, biochemistry, hematology, and coagulation, have all successfully won their bids, with the volume-based procurement by Ningde City generating an annual increase in reagent sales of over RMB 15 million, while the volume-based procurement by Nanping City expected to break through 12 elite hospitals in the city and generate an annual increase in reagent sales of nearly RMB 10 million.

In January 2023, all seven of the Company's coagulation reagent products successfully secured their bids in the centralized procurement of coagulation reagents, laying a solid foundation for the sales of coagulation reagents in Anhui Province. In March 2023, the National Healthcare Security Administration released the Circular of the General Office of the National Healthcare Security Administration on the Work Plan of Centralized Pharmaceutical Procurement and Price Management in 2023. The circular highlighted the importance of further exploring the centralized procurement of IVD reagents in 2023. Anhui Province will take the lead in the inter-provincial alliance procurement for IVD reagents. During

the Reporting Period, the Anhui Provincial Healthcare Security Administration organized a volume-based procurement of CLIA involving twenty-five provinces. While maintaining its No. 1 position in the CLIA market in Anhui Province, the Company continuously leveraged smart laboratory integrated solutions to achieve comprehensive breakthroughs in the market of Anhui Province. As the coverage of tertiary hospitals increased, the output per customer also continued to rise. According to the Company's statistics, there was rapid growth in test-related core packages and projects related to volume-based procurement, among which core inflammation tests increased by 64%, thyroid function tests increased by 42%, infectious disease tests increased by 34%, and tumor marker tests increased by 32%, further confirming the quality assurance capability of Mindray's luminescence products among high-end hospital groups.

In June 2023, the Jiangxi Provincial Office of the Joint Conference on Volume-based Procurement of Pharmaceuticals and Medical Consumables issued a notice on the implementation of the bid-winning results of the interprovincial alliance volume-based procurement of liver function and biochemical detection reagents, marking the official implementation of liver function tests volume-based procurement of 23 provinces. Up to now, the liver function tests volume-based procurement alliance provinces have been implemented in 17 provinces such as Jiangxi, Fujian, Hebei, etc., accounting for approximately 55% of the national volume. In the provinces where it has been implemented, Mindray's biochemical product business has grown rapidly, with a year-on-year growth of 21.2% in 2023 for projects related to liver function tests volume-based procurement. With the advancement of volume-based procurement, the comprehensive cost-effectiveness advantage of Mindray's biochemical products becomes more prominent, gaining more recognition and trust from customers and accelerating the breakthrough of biochemical products in customers above the tertiary level. In the provinces of the volume-based procurement alliance, more than 330 new-generation BS-2800M products were installed, representing a year-on-year increase of 72%, of which nearly 200 units were installed in hospitals above the tertiary level, accounting for 57%.

The ongoing trend of medical insurance cost control is expected to continue for a long time in the coming years, which is likely to result in the continuation of the centralized procurement of IVD products by inter-provincial centralized procurement alliances, provinces, and municipalities. The Company will continue to proactively respond to changes in the industry landscape, uphold its mission of "Advance medical technologies to make healthcare more accessible", and actively participate in the centralized procurement process. The Company will collaborate with the National Healthcare Security Administration to ensure the successful implementation of centralized procurement, seize the opportunity to speed up the penetration into elite hospitals, continuously increase the proportion of revenue generated from tertiary hospitals, and strive to become a leading player in the domestic IVD field under the new situation.

04 Core Competence Analysis

The core competence of the Company is mainly reflected in the following seven aspects:

(I) A comprehensive compliance management system

Our business activities are driven by a commitment to integrity and ethics. We ensure adherence to all applicable laws and regulations, and we exercise a zero-tolerance policy against fraud and bribery of any kind. We have put in place independent compliance departments to implement effective systems to combat fraud and bribery. In 2023, the Company acquired the ISO 37001:2016 certification and accordingly established an anti-bribery management system, constantly refined to adapt to changing circumstances.

The Company has established a comprehensive compliance organization and governance structure monitored and reviewed by the Board of Directors. A Compliance Committee has been established as a deliberative and decision-making body for compliance management and coordinated by the Vice Chairman, General Manager, and heads of relevant functional departments to strengthen the Company's awareness of compliance and to advance compliance management. Under the leadership of the Compliance Committee, there are supervisory departments such as the compliance office, internal audit department, and supervision department. In various business and functional departments, backbone personnel serve as compliance officers to extend compliance organization to the front line, foster compliance awareness from the beginning, and ensure accountability for compliance management. Overall, the "three lines of defense" have been formed from the business department to the compliance office and further to the audit, legal, and supervision departments. Meanwhile, the Company places great emphasis on the construction of a compliance culture, unifying the construction and management of compliance culture into the enterprise culture construction and management organization system, actively integrating the compliance ecology into management commitment, training and promotion, appointment and dismissal of officers, and reward and punishment mechanism, thus enhancing the compliance awareness among all employees. Through the above measures, the Company has built compliance organizational capabilities that match business development needs, enabling businesses to operate under "sunshine" transparency and infusing compliance awareness into every step of the business operation.

In 2023, Morgan Stanley Capital International (MSCI), an authoritative international rating agency, upgraded Mindray's latest ESG rating to AA, fully acknowledging the Company's achievements in environmental, social, and corporate governance aspects.

In 2023, the Company updated the Mindray Code of Business Conduct and Ethics to guide employees in handling conflicts between personal interests and professional relationships in an ethical and honest manner, to ensure that the Company's operations and its employee conduct comply with applicable local government laws, regulations, and industry standards, to guarantee the integrity, truthfulness, and accuracy of reports, documents provided by the Company to external parties, and other publicly disclosed information, and to help employees understand their accountability when making decisions and encourage them to speak up about behavior they consider inappropriate.

(II) Exceptional Systematic R&D and Innovation Capability

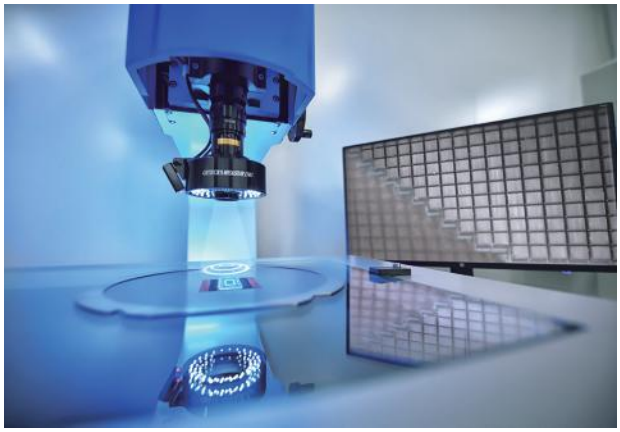
The Company adopts an independent R&D model, and has currently developed an R&D innovation platform based on global resource allocation which includes twelve R&D centers with a total of 4,425 R&D engineers distributed across Shenzhen, Wuhan, Nanjing, Beijing, Xi'an, Chengdu, and Hangzhou in China, and Silicon Valley, New Jersey and Minnesota in the U.S, HyTest in Finland, and DiaSys in Germany. During the Reporting Period, the construction of Wuhan Research Institute project progressed smoothly, which is planned to become the Company's second largest R&D center, marking the beginning of a new journey for Mindray's independent innovation and development.

During the Reporting Period, the Company continued to guarantee high R&D investment, with R&D investment of RMB 3,779.01million, representing a YoY increase of 18.43%. Products were constantly enriched, technologies were continuously iterated, and high-end products were constantly broken through. During the Reporting Period, the Company unveiled a range of new products in the PMLS segment, including the Sub-Acute Care Ecology, UX5 Series 4K/NIR 3D Endoscope Camera System, 5mm Rigid Endoscope, Ultrasonic Surgical & Electrosurgical Energy Platform, BeneHeart DX/D60/D30 Defibrillator/Monitor, BeneFusion i/u series infusion systems, New uMEC100/120/150 patient monitor, A7/A5 Anesthesia System, TV80/TV50 Transport Ventilator, HyBase V9 Operating Table, 4k Digital OR

system, and HyLED C Series LED Surgical Light, mWear Wearable Patient Monitoring System, and Portable Veterinary Monitor Vetal 3. In the IVD field, the Company has launched a series of new products including the Antibody to Hepatitis C Virus (CLIA), hypertension immunoreagents ALD II (CLIA) and Renin II (CLIA), Interleukin-6 (CLIA), CX-6000 automated coagulation analyzers, hs-cTnI (CLIA), NT-proBNP (CLIA), MT 8000 Laboratory Intelligent Automation System. In the MIS field , the Company has launched a range of heavyweight new products such as the Premium high-end ultrasound system Resona A20, the High-end cardiovascular ultrasound system Recho R9, the High-end cart-based ultrasound system Resona 7 Platinum Edition, the High-end cart-based ultrasound system Hepatus 9 for physical examination, the Handheld ultrasound TE Air, and the digital radiography upgrade solution for conventional X-Ray system RetroPad, etc.

The Company has ensured its continuous innovation momentum systematically and normatively through the construction of Medical Product Innovation (MPI), including the business and product planning process, the product conception and user demand management process, the product development process based on the comprehensive quality management philosophy, the technical research process, the product platform construction process, and the implementation of the electronic platform system for Product Lifecycle Management (PLM).

In 2016, the Company obtained certification of Intellectual Property Management System and established a robust global intellectual property protection system, which provided a solid foundation for the sales of the Company's product in the global market.



The Company has established multiple international leading R&D specialized laboratories, such as reliability, standardization, power supply, parameters, gases, probes, thermodynamics, and other specialized technical laboratories. Among them, the Reliability Laboratory and Standardization Laboratory have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS). The Reliability Testing Laboratory has also received accreditation from international third-party organizations such as Intertek, SGS, and TÜV SÜD.

In 2013, the Company's independently developed invention patent, "A Flow Cytometry Detection Device and its Implementing Method for Flow Cytometry Detection", won the 15th China Patent Gold Award, marking a significant achievement as the first in the medical device industry in China to won Invention Patent Gold Award. In 2016, the Company was granted the title of "National Enterprise Technology Center", providing independent intellectual property rights support for industry-specified key generic technologies, propelling the development of domestically produced medical devices, and becoming a trailblazer and leader in the high-tech medical device industry. In 2017, the project "Key Technologies and Applications of Ultrasound Shear Wave Elastography" participated by the Company won the Second Prize of the 2017 National Award for Technological Invention. In 2018, the Company's "A Method for Detecting Whole Blood Samples and a Blood Testing Device" won the 20th China Patent Excellence Award.

In 2019, the Company continued its high investment in R&D, consistently achieving technological breakthroughs and receiving recognition and awards from various sectors of society. The Company's patent for "A Method and Device for Displacement Detection in Elastography" won the 21st China Patent Gold Award. The patent for "A Method and Device for Ultrasound Imaging" won the 6th Guangdong Patent Gold Award. The patent for "Monitoring Equipment and its Physiological Parameter Processing Method and System" won the 2019 Shenzhen Science and Technology Award - Patent Award. The "Development and Industrialization of a Blood Cell Analysis TLA" project won the 2019 Shenzhen Science and Technology Award - First Prize for Scientific and Technological Progress. The Resona 7 Color Ultrasound Doppler System was awarded the Industrial Design Gold Prize in the 2nd Shenzhen Global Design Award, making it the only medical device product that won the Gold Prize.

In 2020, the Company's "Monitoring Equipment and its Physiological Parameter Processing Method and System" won the 7th Guangdong Provincial Patent Award. The "Recognition Method and Device for Malarial Parasite-infected Red Blood Cells" won the 2020 Shenzhen Patent Award. The high-end ICU ventilator received the First Prize in the Shenzhen Scientific and Technological Progress Award. The R&D and application of ultrasound precision diagnosis and treatment technology for breast cancer received the Second Prize in the Shenzhen Scientific and Technological Progress Award.

In 2021, Mindray was awarded the Second Prize in the 2020 China National Science and Technology Awards for the "Creation and Application of Fluorescent Dyes in Hematology Analysis" co-developed with the Dalian University of Technology. The Company's "A Method and Device for Ultrasound Imaging" won the 22nd China Patent Award - Silver Award (Invention). "The Establishment of ARDS Precision Diagnosis and Treatment System and Promotion of Homogenized Platform" won the First Prize for the 2021 Scientific and Technological Progress Award in Jiangsu Province. The "Recognition Method and Device for Malarial Parasite-infected Red Blood Cells" won the 8th Guangdong Provincial Patent Award (Silver Award). The "Device for Flow Monitoring and Control" was honored with the 2021 Shenzhen Patent Award. The "High-end Digital Mobile X-ray Machine (DR)" won the First Prize in the 2021 Shenzhen Scientific and Technological Progress Award.

In 2022, the "Ultrasound Imaging Equipment and Its Ultrasound Imaging Method" developed by the Company won the Silver Award in the 9th Guangdong Patent Award. The "Reagent, Method of Analyzing Platelets, and Hematology Analyzer" won the 2022 Shenzhen Patent Award.

In 2023, the Company's R&D of "Monitoring Equipment and its Physiological Parameter Processing Method and System" won the 24th China Patent Gold Award, the project of "Key Technologies Research and Development and Application of High-End Critical Care Patient Monitoring System" won the first prize of Shenzhen Science and Technology Progress Award for the year 2023, the project "High-End Whole Blood Cell and Specific Protein Analysis System" won the second prize of Shenzhen Science and Technology Progress Award for the year 2023, and Nanjing Mindray's "Drawbridge Suspended Beam" project won the Nanjing Patent Award Silver Medal.

The awards mentioned above bear witness to Mindray's technological journey, leaping from a follower to a contender and further to a trailblazer, showing Mindray's spirits of scientific and technological innovation, unwavering determination, and the pursuit of excellence.

The Company pays attention to protecting independent intellectual property rights through patents. As of December 31, 2023, the Company has applied for 10,090 patents, including 7,222 invention patents; and granted a total of 4,767 patents, including 2,226 invention patents.

(III) Customization Capabilities of Digital Intelligent Solutions for Hospital-wide Use

After years of independent innovation and M&A integration, the Company has formed three main businesses of PMLS, IVD, and MIS, involving sub-sectors such as medical equipment, high-value consumables, IVD consumables, and covering various application scenarios such as ICU, imaging, laboratory, surgery, cardiology, and outpatient services. Meanwhile, the "M-connect" ecosystem of IT smart healthcare solutions based on the three major production lines has been gradually perfected, providing a foundation for the integration and innovation of medical devices and data integration, thus helping the Company to build a smart ecosystem in the era of artificial intelligence.

As early as 2015, the Company began to cooperate in exploring the combination of AI and medical devices and attempted to apply AI technology in various product areas. Several high-end products launched have already taken the lead in achieving intelligent assisted diagnostic functions.

Currently, based on clinical scenarios, the Company has preliminarily completed the construction of a smart ecosystem of "Equipment + IT + AI," breaking the boundaries between devices and realizing interoperability and integration through integration and innovation. Through the "M-connect" ecosystem, it realizes the penetration and integration of medical big data. Through artificial intelligence, it achieves intelligent decision support, clinical automation, telemedicine, smart management, etc., improving the accuracy and efficiency of medical services, thereby reducing medical costs and

assisting in the construction of a Healthy China from the aspects of medical services, talent cultivation, operation and management, and humanistic care.

In the future, the Company will continue to invest in research and development and strengthen the training of basic research talents and engineering composite talents centered around the intelligent ecosystem. And at the same time, it will enhance multi-party cooperation with medical institutions and research institutions, continue to carry out research and integration and innovation in the areas of digitization, intelligence, cloud technology and clinical demand trends, continuously improve the accuracy, quality and efficiency of healthcare services, enhance the experience of medical services, provide unique value to medical institutions, and jointly promote the transformation of medical services towards a health-centered approach.

(IV) Advanced Quality Management and Intelligent Manufacturing Systems

1. High-Standard Quality Management System

Since its establishment, the Company has consistently adhered to high product quality standards and continuously optimized the modules of management responsibilities, production control, correction and prevention, and design control, making its products successfully enter markets in developed countries in Europe and America. During the Reporting Period, the Company's quality management system has successfully passed various kinds of audits for a total of 132 times.

In 1995, Mindray became one of the first companies in the industry to acquire ISO 13485 Medical Devices -- Quality Management Systems certification by TÜV SÜD of German. In 2004, the Company's monitors, for the first time, received FDA 510(K) product certification to enter the U.S. market and has since passed multiple FDA on-site inspections. In 2018, the Company's Shenzhen headquarters passed the quality system audit of the Medical Device Single Audit Program (MDSAP), which is jointly promoted by Australia, Brazil, Canada, Japan, and the United States.

In November 2019, Mindray ultrasound products obtained the first EU MDR CE certificate in China. In December 2020, Mindray reagent products obtained the first batch of EU IVDR CE certificates in China. In November 2022, Mindray also obtained the first EU MDR Class III high-risk CE certificate in China. As of now, several products of the Company's three major segments have passed the MDR and IVDR CE certification audits by notified bodies in the EU and have obtained corresponding certificates.

2. Efficient Intelligent Manufacturing System

The Company maintains unified coordination across processes of product design, technology R&D, processing and manufacturing, and quality inspection and strictly implements quality management standards, ensuring product quality consistency and full traceability. With a manufacturing base covering an area of over 300,000 square meters, the Company meets the production demands for global sales. The Company also introduced the Medical Product Innovation (MPI) process, which comprehensively enhances R&D efficiency and facilitates synergy between R&D and manufacturing through complete life-cycle management and e-platform. This enables the manufacturing base, through intelligent management and control, to achieve visualization, standardization, and traceability at every step of the management.

(V) Marketing System with Worldwide Extensive Reach and Expert Service

The Company employed 4,578 marketing personnel as of December 31, 2023. The Company has established branches in over 30 provinces, municipalities, and autonomous regions across China and subsidiaries in more than 40 countries worldwide. Its products have reached over 190 countries and regions globally.

(VI) Global Layout and After-sales Service System Covering the Entire Product Lifecycle

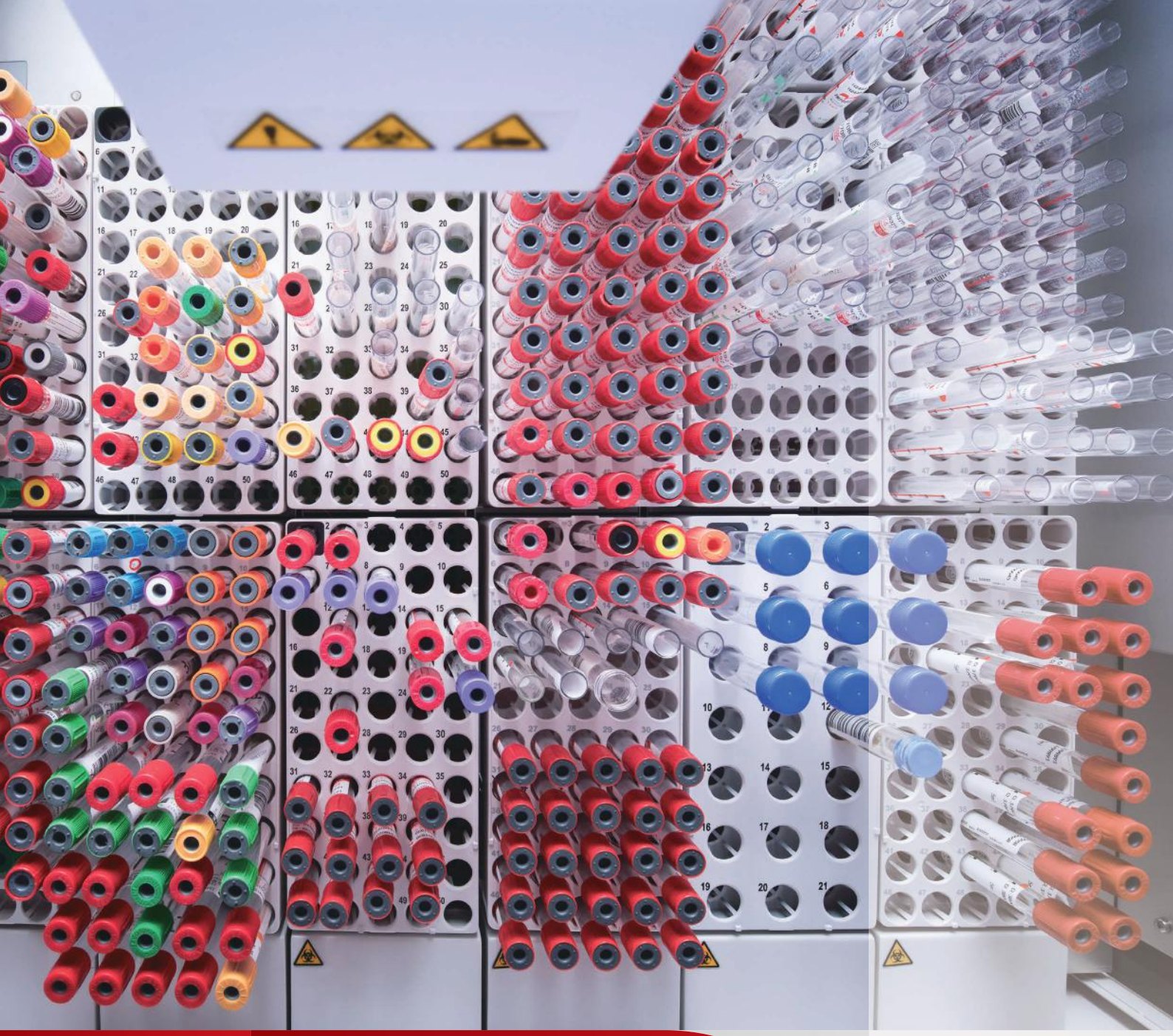
Based in China, the Company continues to develop its global service capability and is committed to providing high-quality services to global customers. The company has deployed direct service teams in 31 branches, over 50 resident service stations in China, and 41 overseas countries and regions. Globally, the Company has cultivated and developed more than 2,000 quality service subcontractors covering more than 190 countries and regions, equipped with over 10,000 qualified service personnel of subcontractors to provide services to customers. At the same time, the company has deployed multiple directly-affiliated spare parts warehouses and training centers overseas, truly achieving global service within reach.

The Company's services go beyond the conventional service delivery. As Mindray's products continue to enter high-end medical institutions at home and abroad, the Company also continues to delve deeper into customer management scenarios and clinical application scenarios, combining Mindray's product features with customers' business pain points to develop diversified and comprehensive service solutions covering the entire product lifecycle, including lean management advisory, professional review support, intelligent process design, forums and platforms for domestic and international medical engineering exchange and customer discipline construction, to help hospitals in developing their medical engineering capabilities and diagnostic and treatment capabilities and enhancing their medical service satisfaction, allowing customers to truly experience the full value of Mindray products and services.

In addition, the Company transforms customers' needs for use and services into product inputs and participates in product development through Design for Serviceability (DFS) to realize new service and application functions, making new products easier to use and maintain, which continuously improves the competitiveness of the products while allowing the utilization efficiency of Mindray service resources to continue to improve.

(VII) A Stable and Professional Management Team

With the mission of "advance medical technologies to make healthcare more accessible", the Company, throughout its years of development, has cultivated a distinctive corporate culture with core values centered around "Align with our customers; Value and enrich our people; Be precise and practical; Always forge ahead". The Company has a stable core management team, many of whom have undergone over a decade of training and experience in various positions within Mindray, amassing extensive expertise in the fields of the medical device industry R&D, marketing, production, management, mergers and acquisitions, as well as outstanding international operational capabilities, and possess a profound understanding of industry development. Over the years of entrepreneurial growth, the Company's Management has formulated development strategies in a timely and effective manner that align with the Company's actual situation, the development trend of the industry, and the market demand. The members of the Management communicate smoothly and collaborate seamlessly, sharing a common and pragmatic vision for the Company's future development, and are committed to leading the Company towards becoming one of the top 20 medical device companies in the world.



05 Future Development Plan

(I) The Company's Future Development Goal

In the first decade after the Company was established, Mindray launched three products, namely monitors, hematology analyzers, and ultrasounds, and basically established three major business areas with PMLS, IVD, and MIS as the core. Through independent R&D supplemented by mergers and acquisitions, Mindray continues to enrich its product portfolio in the three major business areas and expand the boundaries of its capabilities, continuously expanding the addressable market. After more than 30 years of independent innovation, the Company has gradually transformed from a supplier of single medical device products to a service provider that improves the overall diagnosis and treatment capabilities of medical institutions, and has preliminarily completed the construction of a smart ecosystem integrating "Equipment + IT + AI". In the medium to long term, the Company will focus on developing emerging businesses such as minimally invasive surgery, cardiovascular, and animal care, and actively explore emerging arenas such as molecular diagnosis, clinical mass spectrometry, and surgical robots. These breakthroughs will greatly expand Mindray's addressable market and core capabilities, and lay a solid foundation for the Company to seek long-term development.

In the next ten years, China and even overseas emerging market countries will gain rapid development of medical devices. In the Chinese market, Mindray has established a broad and diverse market coverage and ultimate customer segmentation management, combined with competitive products and solutions. Mindray will seize the good opportunities of China's new healthcare infrastructure buildup plans and continuous market expansion. In emerging market countries, Mindray has achieved a wide range of marketing network coverage, and is expected to achieve rapidly rising market share and brand position by leveraging the management and marketing experience accumulated in China and applying it in localized platform capacity building. Emerging market countries are expected to take over from China as the new engine driving the Group's continued growth. In the future wave of global new healthcare infrastructure buildup plans, the Company will take China and emerging market countries as the main growth drivers, and at the same time accelerate global penetration by continuously building brand awareness and influence in developed countries.

At present, Mindray has fully transformed from a follower to a challenger in the global medical device industry, and some mature businesses of Mindray are even leading the industry. Mindray has set the future development goal of becoming the top 20 among global medical device companies in 2025, as well as continuing to forge ahead on the road to fully become a leader.

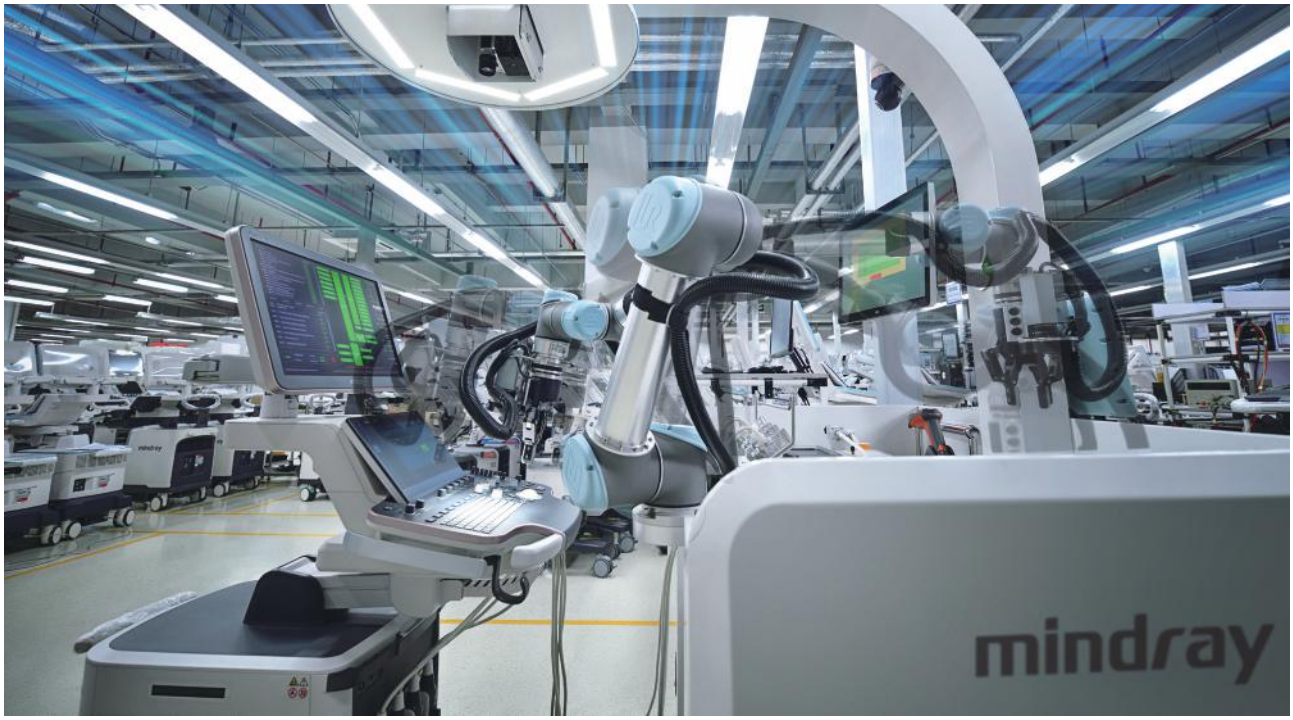
(II) The Company's Future Development Strategy

The Company will always uphold the core concept of "being devoted to healthcare", and be committed to popularizing high-end technology to achieve better healthcare for all. The Company will continue to take technological innovation as the spiritual core and promote the upgrading of the industrial strategy, so as to lead the market, develop the world market, make plans for the future, and drive the domestic medical device industry to catch up with world-class medical device companies by leaps and bounds. The Company is well versed in the development logic of the medical device industry, focuses on the two paths of technological innovation and mergers and acquisitions, and balances the deployment at home and abroad, with the purpose of striving to become a world-class leading medical device company in the future.

1. Focusing on the Main Businesses, While Cultivating Emerging Businesses

In terms of product line deployment, the Company will concentrate its main resources on the main businesses, further consolidate its leading position in the product field of PMLS, and increase the market share of IVD and MIS in the global market, as well as cultivate new drivers for rapid growth.

Specifically, the Company's main businesses such as monitoring, anesthesia, ventilator, defibrillator, hematology analyzer and ultrasound are already in the forefront of the world. In the next few years, the Company will follow the orientation of customers' needs to continue to consolidate its leading position in the main businesses and seek technological breakthroughs. The Company will guarantee the R&D investment in the following businesses, including the CLIA immunodiagnosis, coagulation and intelligent testing TLA of the IVD product line, the premium high-end ultrasounds and ultrasounds for different sub-sectors of clinical specialties of the MIS product line, etc., to cultivate them to gain a leading position in the world. The Company will continue to enrich the M-Connect ecosystem, build a holographic database of devices to complement and organically



integrate it with the existing clinical databases of hospitals to boost scientific research on big data; continue to develop the application scenarios of the MiCo+ Medical Imaging IT Solution platform to assist in boosting the overall diagnosis and treatment capabilities of the Integrated Delivery Network/County Integrated Healthcare Organization; as well as continuously expand the coverage of the Mindray InnoLab solution in smart management elements in the whole process, and expand the application of professional cloud functions to improve the quality and capability of testing reports, so as to realize treatment and diagnosis integration and innovation with cross-department communication, interdisciplinary diagnosis and cross-regional service for patients through cross-product information exchange. Meanwhile, the Company will continue to enrich and improve the smart ecosystem integrating "Equipment + IT + AI", and assist clinical decision-making through AI, integrate data through IT and carry out integration and innovation through devices by digital smart means, so as to facilitate the building of Healthy China from the aspects such as medical services, talent training, operation management, and humanistic care. The Company will work on increasing R&D investment in the emerging businesses such as minimally invasive surgery, cardiovascular, and animal care, and actively explore the areas such as molecular diagnosis, clinical mass spectrometry, and surgical robots. The Company will speed up R&D in these areas by combining research and development from inside and outside the Company. Relying on its strong global R&D strength and continuous capital investment, the Company will continue to explore cutting-edge technologies to provide continuous power for the Company's long-term development.

2. Benchmark Against International Medical Device Giants to Further Promote the Development on the Global Platform

The Company is committed to adhering to the world's highest quality standards to optimize the modules such as management responsibilities, production control, correction and prevention, and design control, in the global market with its high-grade, precision and advanced product quality, first-class R&D team, and global strategic vision.

The Company will take targeted measures to cope with the increasingly fierce competition in the global medical device market. By comprehensively considering the local economic environment, policy environment, market development prospects, existing sales conditions and other factors, and relying on the excellent brand image of the products in the global market, accessible-channel base and huge customer groups, the Company will actively expand the deployment of the existing sales network, further enhance sales and service capabilities, and take advantage of the radiation role of the

advantageous areas to further expand the market and build a global sales network system with a wide coverage and high threshold. The Company will further enhance the competitiveness of its products in the world by virtue of its continuously pioneering global merger and acquisition system, which can be used to integrate the localized sales networks and customer demand feedback systems of the merged and acquired companies.

The Company will be committed to increasing the localization depth of the global sales network, establishing local sales teams with a global vision in more countries and regions, learning about customer needs in a timely, comprehensive and multi-level manner, and increasing the response speed of sales services. At the same time, by virtue of the global sales network system, the Company will further consolidate the global R&D, sales, manufacturing, and customer service integrated platform, deploy high-quality resources around the world, integrate the innovation capabilities of overseas companies and the advantages of domestic engineering implementation, and concentrate on the deployment of technology R&D in specific fields, so as to significantly enhance the competitiveness of the Company's products in the global market and keep injecting vitality into the Company's spiritual core of "adhering to technological innovation".

(III) The Company's Business Plan for 2024

In the future, the Company will seize opportunities of the rapid development of the medical device industry at home and abroad. It will follow the orientation of customers' needs to continuously improve and give full play to its business advantages in R&D, technology, manufacturing, quality, product, market, channel, service and other aspects through independent R&D and technological innovation, as well as continuously strengthen the Company's core competitiveness and profitability to achieve sustainable and healthy growth.

While focusing on the main businesses in 2024, the Company will also make efforts to cultivate growing businesses, fully strengthen comprehensive capabilities in product R&D, market expansion, overseas localized platform construction and other aspects, promote the Company's strategic planning and business deployment in an orderly manner, and optimize production and management efficiency, with the purpose of maintaining a steady and good growth of revenue and operating performance. The Company's business plan for 2024 is as follows:

1. R&D and Innovation Plan

The Company adheres to the concept of treating technological innovation as the spiritual core to maintain a forefront position in technological innovation and upgrading in the industry, and will keep doing so in the future development.

On the basis of the existing accumulation, the Company will continue to increase R&D investment in various business fields, focus on the integration of cutting-edge technologies in related disciplines, and apply them for its own use to improve R&D strength and maintain a leading edge in technology in 2024.

PMLS: In the direction of monitoring products, the Company

will focus on the new forms of intelligent products for status monitoring to develop technologies such as status monitoring and early warning, intelligent alarm, clinical auxiliary decision-making, and highly reliable wireless interconnection; as well as center on mobile monitoring to continue to improve wireless high reliability, accurate parameter measurement, extreme product design and other technologies, and continue to build the world's leading, intelligent and cost-effective hospital-wide monitoring ecosystem for critical care and sub-acute care. In the direction of defibrillators, the Company will improve the forms of miniaturized products and continue to build the interconnection and application integration of first-aid devices such as handheld ultrasounds, transfer ventilators, and infusion pumps, as well as build the world's leading pre-hospital emergency ecosystem by using the 4G/5G network. In the direction of pumps, the Company will focus on intra-hospital sub-sectors and inter-hospital transfer applications to implement monitoring and pump integration alarm, so as to further improve the product family of the hospital-wide monitoring ecosystem and the hospital-wide comprehensive solutions. In the field of anesthesia machine and ventilators, the Company will build a new-generation anesthesia machine platform for anesthesia products, and launch comprehensive anesthesia and ventilation solutions for different anesthesia scenarios; as well as center on the anesthesia ecosystem to continue to develop industry-leading technologies such as the combined intravenous-inhalational anesthesia system and intelligent anesthesia. In the direction of ventilators, the Company will target the major ecosystems of PMLS to mainly develop intelligent auxiliary diagnosis and treatment tools for critical care, expand into the sub-sectors such as emergency transfer, complement the sub-sector of nasal cannulas and other small respiratory products, and further explore new arenas and businesses to jointly build an ecosystem with Mindray's characteristics. At the same time, the Company will continue to upgrade the related equipment of PMLS and strengthen the cross-hospital and cross-regional interconnectivity between PMLS equipment. Relying on products such as monitors, defibrillators, anesthesia machines, ventilators, infusion pumps and surgical lights, operating tables and medical supply units, and the M-Connect ecosystem, the Company will comprehensively improve the workflow and ease-to-use in critical care, surgery, emergency and other scenarios, as well as provide efficient clinical application tools.

IVD: The Company will focus on different laboratory scenarios to make use of the integration of integrated, automated, information-based and intelligent technologies to provide digital smart solutions integrating "Equipment + IT + AI", so as to comprehensively improve the testing workflow and the testing discipline construction. Guided by clinical needs, the Company will strengthen the construction of a detection system platform to make biochemical detection, immunoassay, coagulation detection, microbiological detection and other detection performance reach the international leading level. The Company will also comprehensively improve the performance and supply security of reagents through controlling the core raw materials, and actively invest in the R&D of innovative reagent products. The Company will make efforts on automated TLA and intelligent clinical laboratory for biochemical and immunological devices, and provide flexible, diverse and highly practical solutions; actively develop emerging detection items by referring to the clinical application requirements for biochemical and immunological reagents, so as to provide clinicians with more efficient detection methods; conduct more in-depth research on blood and body fluid cellular analysis technologies, and focus on studying AI identification, automatic analysis, intelligent workflow and other technologies to meet clinical needs, so as to expand the leading edge in blood analysis technology; carry out key technology development and commercialization of the high-speed and high-throughput coagulation detection system, automatic and intelligent analysis, fully automatic coagulation detection TLA and new item detection reagent kits, so as to further expand the leading edge of domestic technology; and thoroughly explore clinical detection big data and conduct information integration in the field of Mindray InnoLab laboratory solutions to provide more in-depth clinical value for clinical practice, optimize department management, and improve department operation efficiency.

MIS: In the field of ultrasound, the Company will strengthen further research on the new-generation probe technology, ultrasound imaging system architecture, beamforming technology, and computing platform, continue to research and explore area array probes, wireless ultrasound, real-time 3D imaging, elasticity and viscoelasticity imaging, contrast imaging, photoacoustic imaging, MiCo+ Medical Imaging IT Solution, intervention ultrasound, bedside ultrasound application in clinical departments, ultrasound remote quality control, and interconnection ecology of MIS equipment, continue to carry out the research and application of intelligent technology based on big data in ultrasound imaging, workflow, auxiliary diagnosis, intelligent quality control, etc., and explore the application of AI foundation models in the field of medical ultrasound, so as to expand the Company's leading edge in global

ultrasound imaging technology. At the same time, the Company will increase R&D investment in clinical applications such as next-generation professional whole-body ultrasound, professional obstetrics and gynecology ultrasound, professional cardiology ultrasound, acute and critical care ultrasound, and anesthesia ultrasound. In the field of radiology, the Company will strengthen R&D of core technologies and key components in the imaging chain, further expand the competitive advantages brought by independent development and production; make full use of its own advantages to expand the applications in clinical departments outside the radiology department based on user needs; and accelerate the integration and implementation of MiCo+ Medical Imaging IT Solution and automatic image quality control to boost the construction of Integrated Delivery Network/County Integrated Healthcare Organization.

Minimally invasive surgery: The Company will focus on the research of ultra-high-definition camera technology, near-infrared fluorescence camera technology, three-dimensional camera technology, energy platforms and intelligent staplers, and actively carry out technical research on AI image processing applied in image optimization and auxiliary tools. Targeting clinical application scenarios, the Company will actively carry out collaborative applications of energy platforms, rigid endoscopic systems and rigid endoscopic devices, and develop more high-value consumables required in minimally invasive surgery to provide systematic solutions for clinical applications.

Animal healthcare: The Company will build technical research platforms for IVD, PMLS and MIS for different animal species and application scenarios. In the field of MIS, the Company will focus on the research on animal image applicability of the ZST$^+$ technology for ultrasound products and the research on ultrasound probes that conform to the characteristics of animals, so as to further improve the image quality of the entire product portfolio; carry out the research on intelligent functions to improve the work efficiency of doctors; further study the standardized workflow of imaging equipment, and improve the scanning quality control of imaging products; study the online work guide to make imaging equipment easy to learn and easy to use; as well as focus on the research of integrated machine head technology for DR products to lay the foundation for the output of high-performance DR products. In the field of PMLS, the Company will mainly carry out research on perioperative period solutions, ward/ICU solutions, and major surgical solutions; and comprehensively improve the clinical value, efficiency and safety for department-wide and hospital-wide use through multiple-equipment integration and the application and development of information technology, so as to bring more help and value to various clients. In the field of IVD, the Company will focus on expanding the intra-hospital product line from cellular analysis to more sub-businesses related to laboratory detection, and focus on the research of animal-specific rapid detection equipment and related reagents; develop fast, efficient and easy-to-use IVD products for the special application scenarios in animal hospitals; as well as

speed up the development of intra-hospital informatization software products, mainly study informatization management solutions for animal hospitals, improve the informatization level of detection equipment in each sub-business, and gradually form a complete ecosystem of intra-hospital testing equipment from stand machine to multi-business informatization, so as to provide more efficient comprehensive solutions for clinical testing in animal hospitals.

In the future, the Company will deploy high-quality resources around the world, and integrate the technological innovation capability of overseas R&D centers, the ability to understand customer needs and the efficient engineering technology implementation capability of domestic R&D centers to establish an efficient global R&D system. Through full value chain DFX (Design for X is designed for each step of the product life cycle. X can represent procurement, manufacturing, service and other areas, as well as product competitiveness or factors that determine product competitiveness) design, the Company will create comprehensive cost superiority and improve business operation efficiency.

2. Marketing System Plan

In 2024, the Company will further optimize the global marketing management system, including accelerating the expansion of the global localization network deployment, strengthening the global warehouse network deployment, and comprehensively increasing the overseas localization production capacity, improving market adaptability and clinical service level, and actively seizing the opportunities of new healthcare infrastructure buildup plans in the global market. On the basis of making breakthrough in large-scale high-end clients in the past few years, the Company will actively respond to and seize market demands, increase the market share and the penetration rate of high-end clients, and especially increase the penetration of the international IVD business in overseas high-end hospitals and private laboratory chains, so as to maintain the Company's long-term, healthy and sustainable development.

In terms of domestic sales, the Company will play a leading role in boosting the improvement of the capacity of China's medical system and disease control system:

1. On 19 February 2021, the Central Committee for Comprehensively Deepening Reform deliberated and approved the Opinions on Promoting High-quality Development of Public Hospitals, which affirmed the status of public hospitals as the main force and put forth explicit guidelines on "accelerating the expansion of quality medical resources and achieving balanced regional distribution", including 1) the construction of national medical centers and national regional medical centers; 2) the development and construction of "one hospital with multiple campuses"; 3) the construction of key clinical specialties. In the new round of new healthcare infrastructure buildup plans led by the expansion of public hospitals, Mindray will continue to play an important role as a leading enterprise. As of the Reporting Period's end, the potential domestic market for new healthcare infrastructure buildup plans remained over RMB 20 billion when viewed from Mindray's addressable market;

2. The National Health Commission continues its efforts to deepen healthcare reform. Guided by the performance appraisal of public hospitals (National Civil Service Examination), the goal is to encourage public hospitals to strengthen informatization construction and enhance surgical capacity. In these two fields, Mindray offers corresponding product solutions, as well as talent training and discipline development solutions, which can fully meet the needs of hospitals. This is also an important opportunity for Mindray as an industry leader. DRG and DIP are important tools for deepening the reform of payment methods as well as important approaches for promoting and achieving high-quality reform and development of public hospitals. DRG and DIP will further enhance the regulation of the domestic medical environment and medical insurance expenditure structure, making a direct impact on the hospitals' clinical laboratories to prioritize the procurement cost of consumables. As a result, the market penetration of products with high cost-effectiveness and core competitiveness will be increasingly expanding. This will have a profound effect on the full production chain of the medical device industry.

3. On 24 March 2024, at the China Development Forum 2024 Annual Meeting, the Director of the National Development and Reform Commission stated that efforts will be made to promote equipment renewal in 7 major areas, including industry, agriculture, construction, transportation, education, culture and tourism, and healthcare. This is expected to create a huge market with an annual scale of over RMB 5 trillion. On 7 April 2024, to thoroughly implement the spirit of the Central Economic Work Conference and the Central Financial Work Conference, and implement the decisions and arrangements of the State

Council Executive Meeting on promoting a new round of large-scale equipment renewal and trade of old consumer goods for new ones, the People's Bank of China set up re-lending facility for science and technology innovation and technological transformation of RMB 500 billion, with recipients including 21 financial institutions such as the China Development Bank, policy banks, state-owned commercial banks, Postal Savings Bank of China, and joint-stock commercial banks. The establishment of the re-lending facility for science and technology innovation and technological transformation will help guide financial institutions to provide credit support to science and technology-based small and medium-sized enterprises (SMEs) in the start-up and growth stages, as well as to digitalization, intelligence, high-end, and green technological transformation and equipment renewal projects in the above-mentioned 7 major areas, under the premise of independent decision-making and risk-bearing. Mindray's extensive product lines and hospital-wide overall digital smart solutions can fully meet the needs of medical institutions for medical equipment and solution upgrading.

In addition, the Company will continue to follow the established sales system construction goals to: further divide the markets, the teams and academic affairs to get closer to customers; further enhance the Company's comprehensive service capabilities and operational efficiency, and reduce existing costs; continue to optimize the maintenance centers of the outlets and increase the corresponding staffing to speed up customer after-sales service response; upgrade the training centers of the outlets to provide more effective training for local end customers and channel resources; continue to increase investment in information systems and optimize processes to improve the work efficiency of marketing personnel.

In terms of overseas sales, the Company will continue to give full play to the advantages of the established global platforms to help overseas local medical institutions complete equipment supply in the stage of addressing their healthcare system's deficiencies, and increase promotion efforts by combining online promotion and other ways to enhance brand penetration. On the basis of the large-scale overseas high-end customer expansion achieved in the past few years, the Company will further give full play to the synergistic advantages of products, brands and channels to increase the penetration rate of products in newly expanded high-end hospitals. In the macro environment caused by various factors such as COVID-19, inflation, and currency depreciation in the past few years, the Company's high cost performance advantage will be further highlighted, and the Company will usher in better growth opportunities in the international market in the future.

The Company will concentrate resources to increase investment in key regional markets and sub-businesses with high-speed development:

1. The Company will continue to deeply integrate the marketing systems targeting China and developing countries, and replicate the successful domestic marketing with unique competitiveness characterized by "precise market segmentation, deep penetration, and catering to hospital needs" to developing countries, so as to help developing countries become an important source of growth for the Company.

2. The Company will increase investment in platform-based capacity building in overseas markets, and comprehensively strengthen overseas localization production capacity, so as to meet the needs of rapid business development with forward-looking deployment. The Company will strengthen user service capacity building, including the construction of overseas marketing outlets, construction of logistics centers, global warehouse network deployment, etc.; continue to improve the global unified management standards, mechanisms and processes and build a real matrix organizational structure to improve the organizational capability of the entire marketing system; accelerate the promotion of global product access and registration; improve the global channel management system; and maximize the work efficiency of marketing personnel by IT means.

3. The Company will build and improve a professional marketing team in the market segments such as PMLS, IVD and MIS, continue to make further breakthrough in horizontal and vertical customer groups of PMLS and MIS products, accelerate the breakthrough development of IVD business from laboratories with small sample volumes to laboratories with medium and large sample volumes in the international market, and gradually grow into a supplier of department-level and even hospital-wide medical devices and IT information solutions for customers in the international market.

4. At present, due to the impact of the macro environment, the hospitals in the whole world suffer from the decline in revenue and procurement capacity, and the product price competition is fierce. Moreover, nativism is on the rise, proposing higher requirements for enterprises to integrate into the local areas. In the face of these challenges, Mindray will firmly promote global development, carry out more in-depth localization construction in fast-growing regions such as Europe and developing countries, strengthen the collaboration between the Company and its distributors, and continue to improve the brand image and market penetration in the local markets.

In addition, the Company will concentrate resources to continue to increase investment in seed businesses such as animal healthcare and minimally invasive surgery, continue to improve the market and channel deployment for these businesses, and increase the Company's academic and brand promotion efforts in these fields to provide momentum for the sustained and rapid growth of these seed businesses.

3. Merger & Acquisition Plan

In terms of mergers and acquisitions, Mindray has continuously built and solidified its global R&D and marketing integrated platform while accumulating rich experiences in mergers and acquisitions since it set sail on the road of global mergers and acquisitions in 2008. It leads its domestic counterparts in terms of M&A efficiency, number of targets, and especially the depth of integration, gaining industry M&A integration experience and capabilities surpassing those of its counterparts. In the next few years, the Company plans to further optimize the M&A integration platform with strong integration, replication attribute and high growth based on the characteristics and development opportunities of major markets around the world, and implement M&A transactions with strategic foresight to integrate the cutting-edge technologies in the whole industry chain around the world, enhance the comprehensive competitiveness of existing businesses in the high-end market, and increase the market share of growth businesses. The Company will also continue to explore new businesses to seek for further sustainable growth space. The Company will attach great importance to regional differentiation in terms of investment and M&A, actively respond to changes in the political and economic situations and trends of the healthcare industry in various regions, and explore the construction of localization operation platforms and supply capacities in major international markets in a rhythmic and focused manner.

4. Plan for Information System Upgrading

The Company will continue to establish information systems to enable informatization for key business chains such as product R&D, production and manufacturing, quality control, sales and channel management, after-sales services, supply chains, and production and logistics management, and continue to build and improve key corporate management capabilities such as human resources management, financial management, data assets management and data analysis, so as to further optimize the global management level and efficiency of the Company. In 2024, the Company will continue to implement specific construction projects such as the promotion of SAP ERP, Mindray sales platform (MSP), channel management platform, service management platform, production management system (MES), supply and demand planning for supply chain, warehousing and logistics, Internet of Things, data assets management and data center platform, PLM R&D management, and information security and information infrastructure construction, so as to provide informatization empowerment and promotion for the realization of the Company's future development strategy and create the coverage and support at "Anytime, Anywhere" for global management and business development. The Company will also make use of the digital platform to support business insights and operational decision-making, so that the Company can timely, comprehensively and accurately understand the dynamics of products, customers and markets, promote the rapid integration of the Company's overall information, effectively reduce management costs, improve the scientific aspects and speed of decision-making, and gradually realize digital smart corporate management and operation, which will guarantee and support the Company's steady and rapid growth in the future.

5. Management Improvement Plan

The Company's cultural concept of "being devoted to healthcare" and strict and standardized management system have always been the core pillars supporting the Company to develop from an equipment supplier to an overall solution supplier, from a single product line to multiple product lines, from the low-end market to the high-end market, and from the domestic market to the global market. In

2024, the Company will continue to promote system construction, implement the management improvement project, and further promote the intelligent construction of the Company's project management, product management, production management and other aspects in combination with the information system upgrading plan. While continuously enhancing the core competitiveness of products, the Company will improve the overall operational efficiency and effectiveness for the entire business value chain, continuously enhance the comprehensive competitiveness, further improve management by objectives and performance appraisal, and establish a salary distribution system determined by position, skill, performance and efficiency and a diversified employee value system.

6. Human Resources Plan

Adhering to the core values of "be customer oriented, value and enrich our people, be precise and practical, and always forge ahead", the Company attaches great importance to talent team building while developing businesses. The Company has accumulated a talent team with solid business ability, rich industry experience and international vision in various fields such as R&D, marketing, manufacturing, services, professional functions, and management. As a multinational medical device solution provider based in China, the Company always regards human resources as the core competitiveness of the Company's sustainable development.

In 2024, the Company will further build a professional team and continue to bring in the world's top technical experts in new business areas, comprehensively improve the professional level of the marketing team through promoting internal talent flow, strengthening business collaboration, improving the training system, etc., and at the same time drive R&D to get closer to customers and promote technological and clinical innovation. The Company will optimize the cadre team structure, and build a management team with reasonable structure, complementary advantages and perfect echelon based on the reality and the long-term prospects, as well as cultivate and reserve inter-disciplinary cadres to meet the overseas, multi-base and branch and subsidiary management needs. The Company will also continue to improve the overseas employee management system, strengthen the localization team building, establish and improve the overseas new employee training system and the reserve talent echelon, optimize the overseas salary policy and strengthen the backbone employee incentive and retention, as well as promote the cultural integration to establish organizational capabilities for global deployment. In addition to offering the perfect evaluation and supervision mechanism, the open and transparent performance management system, and the diversified salary incentive package, the Company will also make every effort to create an innovative atmosphere, improve employee communication, strengthen cultural construction, and retain backbone talents with treatment, atmosphere and opportunities.

06 Financial Statements

1. Consolidated Balance Sheet

Unit: RMB

Items	December 31, 2023	January 1, 2023
Current assets:		
Cash and cash equivalents	18,787,180,188.00	23,185,663,305.00
Settlement reserves		
Loans to banks and other financial institutions		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	1,704,912.00	2,094,202.00
Accounts receivable	3,295,124,769.00	2,658,711,527.00
Receivables financing		
Prepayments	267,793,995.00	289,434,034.00
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivables		
Other receivables	195,096,892.00	149,105,941.00
Incl: interest receivables		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	3,978,631,580.00	4,024,915,834.00
Contract assets		
Assets held for sale		
Non-current assets due within one year	41,627,611.00	31,819,900.00
Other current assets	308,070,066.00	264,060,901.00
Total current assets	26,875,230,013.00	30,605,805,644.00
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	10,941,987.00	25,282,311.00
Long-term equity investments	66,563,405.00	60,800,660.00
Investments in other equity instruments	142,823,775.00	
Other non-current financial assets	1,270,537,191.00	
Investment properties	41,486,099.00	43,371,175.00
Fixed assets	5,489,583,887.00	4,260,989,068.00

Items	December 31, 2023	January 1, 2023
Construction in progress	2,461,281,940.00	1,802,682,137.00
Productive biological assets		
Oil and gas assets		
Right-of-use assets	270,373,445.00	225,854,257.00
Intangible assets	2,224,958,682.00	1,976,730,192.00
Development costs	342,350,719.00	296,901,995.00
Goodwill	5,061,690,541.00	4,403,193,037.00
Long-term deferred expenses	74,879,161.00	82,552,342.00
Deferred tax assets	1,312,871,391.00	755,078,884.00
Other non-current assets	2,294,430,825.00	2,205,995,107.00
Total non-current assets	21,064,773,048.00	16,139,431,165.00
Total assets	47,940,003,061.00	46,745,236,809.00
Current liabilities:		
Short-term borrowings	7,746,194.00	
Borrowings from the central bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,690,406,796.00	2,290,617,795.00
Advance receipts	793,435.00	300,851.00
Contract liabilities	1,973,361,518.00	4,142,767,341.00
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for Agency Securities Trading		
Payables for Agency Securities Underwriting		
Employee benefits payable	2,266,759,077.00	2,162,216,866.00
Taxes payable	653,243,590.00	573,402,030.00
Other payables	2,041,090,770.00	1,901,416,886.00
Incl: interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		

Items	December 31, 2023	January 1, 2023
Non-current liabilities due within one year	104,731,156.00	97,216,877.00
Other current liabilities	364,516,991.00	601,874,175.00
Total current liabilities	10,102,649,527.00	11,769,812,821.00
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	1,381,066.00	
Bonds payable		
Incl: preferred shares		
Perpetual bonds		
Lease liabilities	181,072,723.00	139,307,612.00
Long-term payables		
Long-term employee benefits payable	2,943,193,520.00	2,160,645,101.00
Provisions	512,615,401.00	231,940,129.00
Deferred income	109,312,997.00	92,942,716.00
Deferred tax liabilities	168,363,292.00	183,128,092.00
Other non-current liabilities	575,374,771.00	168,348,175.00
Total non-current liabilities	4,491,313,770.00	2,976,311,825.00
Total liabilities	14,593,963,297.00	14,746,124,646.00
Owners' equity:		
Share capital	1,212,441,394.00	1,212,441,394.00
Other equity instruments		
Incl: preferred shares		
Perpetual bonds		
Capital reserves	7,090,776,055.00	7,508,886,780.00
Less: treasury shares	663,276,980.00	999,990,786.00
Other comprehensive income	157,270,314.00	-109,069,401.00
Special reserves		
Surplus reserves	607,845,633.00	607,845,633.00
General risk reserves		
Undistributed profits	24,680,333,270.00	23,760,711,503.00
Total equity attributable to owners of the parent company	33,085,389,686.00	31,980,825,123.00
Minority interests	260,650,078.00	18,287,040.00
Total owners' equity	33,346,039,764.00	31,999,112,163.00
Total liabilities and owners' equity	47,940,003,061.00	46,745,236,809.00

2. Consolidated Profit Statement

Unit: RMB

Items	December 31, 2023	January 1, 2023
I. Total revenue	34,931,900,884.00	30,365,643,811.00
Revenue	34,931,900,884.00	30,365,643,811.00
Interest income		
Earned premium		
Fees and commissions received		
II. Total operating costs	21,991,204,875.00	19,826,760,259.00
Incl: operating costs	11,820,708,329.00	10,885,289,458.00
Interest expenses		
Fees and commissions expenses		
Surrender value		
Net claims paid		
Net provisions for insurance contract liabilities		
Insurance policy dividends paid		
Reinsurance expenses		
Taxes and surcharges	366,077,263.00	348,286,018.00
Selling and distribution expenses	5,702,924,130.00	4,801,555,324.00
Administrative expenses	1,523,748,134.00	1,320,052,334.00
R&D expenses	3,432,658,732.00	2,922,614,427.00
Financial expenses	-854,911,713.00	-451,037,302.00
Incl: interest expense	12,996,889.00	10,686,780.00
Interest income	821,643,445.00	357,905,784.00
Add: other income	830,836,564.00	579,815,101.00
Investment income (“-” for loss)	-9,840,894.00	-5,061,416.00
Incl: income from investments in associates and joint ventures	-9,816,944.00	-4,697,879.00
Derecognized earnings of financial assets measured at amortized cost		
Gains from currency exchange (“-” for loss)		
Net exposure hedging gains (“-” for loss)		
Gains from changes in fair value (“-” for loss)	79,401,838.00	-21,378,189.00
Credit impairment losses (“-” for loss)	-244,194,525.00	-36,814,207.00
Asset impairment losses (“-” for loss)	-529,505,736.00	-71,094,102.00
Gains on disposal of non-current assets (“-” for loss)	2,464,577.00	6,164,292.00
III. Operating profit (“-” for loss)	13,069,857,833.00	10,990,515,031.00
Add: non-operating income	56,347,903.00	35,283,143.00

Items	December 31, 2023	January 1, 2023
Less: non-operating expenses	115,275,709.00	72,247,521.00
IV. Total profit (“-” for total loss)	13,010,930,027.00	10,953,550,653.00
Less: income tax expense	1,432,516,623.00	1,342,833,838.00
V. Net profit (“-” for net loss)	11,578,413,404.00	9,610,716,815.00
(I) Classification by business continuity		
1. Net profit of continuing operations (“-” for net loss)	11,578,413,404.00	9,610,716,815.00
2. Net profit of discontinued operations (“-” for net loss)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	11,582,226,085.00	9,607,174,094.00
2. Gains and losses of minority interests	-3,812,681.00	3,542,721.00
VI. Other comprehensive income, net of tax	272,830,698.00	300,670,248.00
Net other comprehensive income attributable to owners of the parent company, net of tax	271,645,344.00	300,670,248.00
(I) Other comprehensive income items that cannot be reclassified to profit or loss	25,430,974.00	
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income not reclassified to profit or loss under equity method	5,305,629.00	
3. Changes in fair value of other equity instruments investments	20,125,345.00	
4. Changes in fair value due to corporate credit risk		
5. Others		
(II) Other comprehensive income items that will be reclassified to profit or loss	246,214,370.00	300,670,248.00
1. Other comprehensive income reclassified to profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Amounts reclassified from financial assets to other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash flow hedge reserves		
6. Differences on translation of foreign currency financial statements	246,214,370.00	300,670,248.00
7. Others		
Other comprehensive income (net of tax) attributable to minority interests	1,185,354.00	
VII. Total comprehensive income for the year	11,851,244,102.00	9,911,387,063.00
Total comprehensive income attributable to owners of the parent company	11,853,871,429.00	9,907,844,342.00

Items	December 31, 2023	January 1, 2023
Total comprehensive income attributable to minority interests	-2,627,327.00	3,542,721.00
VIII. Earnings per share		
(I) Basic earnings per share	9.5586	7.9402
(II) Diluted earnings per share	9.5577	7.9369

3. Consolidated Cash Flow Statement

Unit: RMB

Items	December 31, 2023	January 1, 2023
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	35,248,869,704.00	34,571,634,884.00
Net Increase in Customer and Interbank Deposits		
Net increase in loans from the central bank		
Net increase in borrowings from other financial institutions		
Cash received from premiums under original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, fees, and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in cash from repurchase agreements		
Net cash received from agency securities trading		
Tax refunds received	966,204,555.00	647,165,750.00
Cash received related to other operating activities	962,694,284.00	482,865,372.00
Subtotal of cash inflows from operating activities	37,177,768,543.00	35,701,666,006.00
Cash paid for purchasing goods and receiving labor services	12,484,684,458.00	12,097,385,989.00
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other financial institutions		
Cash paid for claims under original insurance contracts		
Net increase in loans provided to banks and other financial institutions		
Cash paid for interest, fees, and commissions		
Cash paid for policyholder dividends		
Cash paid to and for employees	7,016,482,018.00	6,132,767,749.00
Cash paid for taxes and surcharges	4,066,206,553.00	3,359,152,955.00
Cash paid related to other operating activities	2,548,370,219.00	1,971,211,437.00

Items	December 31, 2023	January 1, 2023
Subtotal of cash outflows from operating activities	26,115,743,248.00	23,560,518,130.00
Net cash flow from operating activities	11,062,025,295.00	12,141,147,876.00
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from investment income	328,800.00	
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	21,664,897.00	73,327,178.00
Net cash received from disposal of subsidiaries and other business units		
Cash received related to other investing activities	6,771,150,777.00	191,680,800.00
Subtotal of cash inflows from investing activities	6,793,144,474.00	265,007,978.00
Cash paid for acquisition and construction of fixed assets, intangible assets, and other long-term assets	2,688,667,990.00	1,915,528,356.00
Cash paid for investments	1,311,585,929.00	36,500,000.00
Net increase in pledged loans		
Net cash paid for the acquisition of subsidiaries and other business units	870,822,130.00	
Cash paid related to other investing activities	2,615,000,000.00	1,532,750,207.00
Subtotal of cash outflows from investing activities	7,486,076,049.00	3,484,778,563.00
Net cash flow from investing activities	-692,931,575.00	-3,219,770,585.00
III. Cash flows from financing activities:		
Cash received from investment contributions	78,748,400.00	
Incl: cash received from investments by minority shareholders of subsidiaries	78,748,400.00	
Cash received from borrowings		
Cash received related to other financing activities	368,547.00	153,694,520.00
Subtotal of cash inflows from financing activities	79,116,947.00	153,694,520.00
Cash paid for debt repayments	18,765,551.00	
Cash paid for distribution of dividends, profits, or interest payments	10,669,617,132.00	4,233,373,015.00
Incl: dividends and profits paid to minority shareholders by subsidiaries		498,453.00
Cash paid related to other financing activities	166,420,032.00	1,114,599,275.00
Subtotal of cash outflows from financing activities	10,854,802,715.00	5,347,972,290.00
Net cash flow from financing activities	-10,775,685,768.00	-5,194,277,770.00
IV. Effect of exchange rate changes on cash and cash equivalents	101,367,493.00	113,815,806.00
V. Net increase in cash and cash equivalents	-305,224,555.00	3,840,915,327.00
Add: beginning balance of cash and cash equivalents	18,973,643,833.00	15,132,728,506.00
VI. Ending balance of cash and cash equivalents	18,668,419,278.00	18,973,643,833.00

Stock Code: 300760

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