The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a smart device and mobile Internet service provider, specializing in the design, R&D, manufacturing, sales and brand management of smart devices, with a focus on mobile phones. Our products and services include (i) mobile phones, (ii) mobile Internet services and (iii) IoT products and other products, creating an interconnected ecosystem of products, services and brands.

Our revenue was RMB62,294.9 million, RMB68,715.3 million and RMB65,591.2 million in 2023, 2024 and 2025, respectively. Our gross profit was RMB14,439.9 million, RMB14,340.8 million and RMB12,278.3 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 23.2%, 20.9% and 18.7% in 2023, 2024 and 2025, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Consumer Demand of Our Products

Our business growth and financial performance mainly depend on consumer demand for our mobile phones. According to Frost & Sullivan, the mobile phone market size in emerging markets has experienced consistent growth in recent years. The mobile phone in emerging markets grew from US$134.4 billion in 2020 to US$171.1 billion in 2024, representing a CAGR of 6.2%. Driven by various factors including increasing importance of smartphones in daily live, economic growth and consumption upgrade, the mobile phone market size in the emerging market is expected to reach US$236.7 billion in 2029, representing a CAGR of 6.7%, according to Frost & Sullivan.

In particular, in emerging markets, smartphones are becoming key tools for communication and the primary gateway to the Internet. Portability and multifunctionality of smartphones make them indispensable for consumers' everyday activities. Additionally, the economic development and consumption upgrading in emerging markets have become important drivers for growth of smartphones. Consumers are increasingly willing to pay for devices with advanced features and improved user experiences. Smartphone penetration in emerging markets has grown from 67.8% in 2020 to 77.7% in 2024 and is expected to further increase to 85.4% by 2029, according to Frost & Sullivan.

The widespread use of smartphones allow consumers to access the Internet anytime and anywhere via various applications, which further accelerates the growth of mobile Internet services. Our financial results are influenced our development of mobile Internet services that align with the evolving need of consumers.

In addition, according to Frost & Sullivan, the demand for IoT products in emerging markets continues to grow as consumers increasingly adopt connected devices to enhance convenience, efficiency and automation in their daily life. The scale and pace of development of the IoT products, including consumer acceptance of the applications of IoT products in different scenarios and technological evolution may further propel the development and sales of our portfolio of IoT products. Our financial results may be affected by our ability to anticipate market trends and consumer preference to introduce competitive and differentiated IoT products.

Product Mix

Our ability to offer a comprehensive portfolio of products and services is one of the primary factors influencing our financial conditions and results of operations. Our future success depends on our ability to (i) maintain the sales growth of our existing products that meet the evolving demand and taste of consumers, and (ii) introduce new products and services to our existing consumer base and attract new consumers to expand our market share.

Our revenue may be affected by the development and sales of our existing products in particular, smartphones. During the Track Record Period, revenue from sales of smartphones contributed a majority of our total revenue, and fluctuations in the sales of smartphones affected our overall revenue.

Our success also depends on the development and sales of new products and services. In 2023, 2024 and 2025, our gross profit margin was 23.2%, 20.9% and 18.7%, respectively. In 2023, 2024 and 2025, the gross profit margin of mobile Internet services was 72.1%, 81.5% and 80.0%, respectively. We aim to continue to introduce new products and services to consumers, which may further improve our gross profit margin. By continuously refining our product mix and leveraging our experience at existing market and consumer insight, we are committed to sustaining robust financial performance and driving long-term growth.

Geographical Coverage

During the Track Record Period, we provided products and services in over 100 countries and regions. We have dedicated our efforts to emerging markets. Our business expansion in the emerging APAC markets, the Middle East and Latin America had contributed to the growth of our revenue.

There remains vast opportunities for us in the global markets, and we plan to continue to expand our presence through organic growth and acquisitions, deepen our penetration, broaden our sales channels, enhance our branding efforts, and invest in infrastructure and personnel to support our global strategy. Our large scale, decades of experience and successful track record in overseas markets bring us considerable competitive advantages that will continue to serve us well in new markets.

Our strong market position in Africa lays a strong foundation for us to further expand our product offerings in new markets and enhance our products in new consumer base. We will focus on expanding operations in additional markets, such as the emerging APAC markets and other regions. We may have to adapt our business model to the local markets due to various legal requirements and market conditions. Our expansion and penetration in international markets may impact our financial condition and results of operations.

Cost of Revenue

Our profitability to a large extent depends on our ability to manage our cost of revenue. In 2023, 2024 and 2025, our cost of revenue was RMB47,855.0 million, RMB54,374.4 million and RMB53,313.0 million, respectively, representing 76.8%, 79.1% and 81.3% of our total revenue. During the Track Record Period, our raw materials primarily included (i) electronic components, mainly including memory chips and SoCs, (ii) cameras and (iii) screens.

The stability of the supply of raw materials may be affected by factors beyond our control. Among our raw materials, memory chips used in our mobile phones experience more fluctuations in the market price than other raw materials. To mitigate supply chain risks and price volatility, we closely monitor raw material costs through market trend analysis, supplier negotiations and periodic price assessments. We procure raw materials and adjust inventory levels based on price forecast to avoid disruption in our supply chain and control our raw material costs. For details of our inventory management, see "Business—Logistics and Inventory Management—Inventory Management."

Marketing and Brand Promotion

Our brand is of utmost importance to our long-term success. We believe that our brand image is an important factor affecting consumers' decisions regarding whether to purchase our products. The strength of our brand is underpinned in part by our reputation for providing high-quality value-for-money products with various product functions that cater to a wide range of consumer needs, complemented by consistent customer service across all of our sales network.

Branding is also an important focus of our broader globalization strategy, and we plan to enhance our efforts to promote the sales of products of our own brands based on our experience in the existing market and new markets. According to Frost & Sullivan, high brand awareness typically translates to consumer' confidence in product quality and related services. Strong brand images, developed through long-term investment and constituting a high entry barrier, generally creates positive recognition from consumers, and will in turn attract more consumers.

BASIS OF PRESENTATION

The Historical Financial Information of our Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss ("**FVPL**").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 to the Accountants' Report in Appendix I to this document.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by our Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively. Other than those material accounting policies information as disclosed elsewhere, a summary of the other accounting policies information has been set out in Note 38 to the Accountants' Report in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Details of our critical accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Note 4 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	**62,294,877**	**100.0**	**68,715,279**	**100.0**	**65,591,236**	**100.0**
Cost of revenue	(47,854,979)	(76.8)	(54,374,440)	(79.1)	(53,312,965)	(81.3)
Gross profit	**14,439,898**	**23.2**	**14,340,839**	**20.9**	**12,278,271**	**18.7**
General and administrative expenses	(1,808,227)	(2.9)	(1,995,428)	(2.9)	(1,922,156)	(2.9)
Selling and marketing expenses	(4,328,548)	(6.9)	(4,835,865)	(7.0)	(5,204,017)	(7.9)
Research and development expenses	(2,255,980)	(3.6)	(2,516,625)	(3.7)	(2,950,231)	(4.5)
Net impairment (losses)/reversals on financial assets	(79,659)	(0.1)	1,577	0.0	(27,236)	(0.0)
Other income	426,543	0.7	782,117	1.1	461,280	0.7
Other gains, net	191,637	0.2	605,528	0.9	180,102	0.3
Operating profit	**6,585,664**	**10.6**	**6,382,143**	**9.3**	**2,816,013**	**4.4**
Finance income	303,984	0.5	319,638	0.4	294,162	0.4
Finance cost	(79,732)	(0.1)	(81,966)	(0.1)	(68,413)	(0.1)
Finance income, net	224,252	0.4	237,672	0.3	225,749	0.3
Share of profit or loss of investments accounted for using the equity method	(95,520)	(0.2)	57,832	0.1	141,066	0.2
Profit before income tax	**6,714,396**	**10.8**	**6,677,647**	**9.7**	**3,182,828**	**4.9**
Income tax expense	(1,127,331)	(1.8)	(1,080,320)	(1.6)	(577,592)	(0.9)
Profit for the year	**5,587,065**	**9.0**	**5,597,327**	**8.1**	**2,605,236**	**4.0**

Revenue

During the Track Record Period, we generated revenue primarily from the sale of mobile phones and, to a lesser extent, from mobile Internet services and IoT products and other offerings.

Revenue by Product

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mobile phones	**57,348,058**	**92.0**	**63,196,562**	**92.0**	**58,447,549**	**89.1**
Smartphones	51,406,072	82.5	57,906,047	84.3	54,820,768	83.6
Feature phones	5,941,986	9.5	5,290,515	7.7	3,626,781	5.5
Mobile Internet services	**791,097**	**1.3**	**834,959**	**1.2**	**942,032**	**1.4**
IoT products and others	**4,155,722**	**6.7**	**4,683,758**	**6.8**	**6,201,655**	**9.5**
IoT products	1,954,909	3.1	2,112,708	3.1	3,306,783	5.0
Energy storage products	4,178	0.0	66,067	0.1	357,927	0.5
Lightweight electric mobility devices	1,864	0.0	20,487	0.0	143,884	0.2
Others(1)	2,194,771	3.6	2,484,496	3.6	2,393,061	3.8
Total	**62,294,877**	**100.0**	**68,715,279**	**100.0**	**65,591,236**	**100.0**

Note:

(1) Others primarily include (i) mobile phone accessories and other electronic products, such as data cables, chargers and power strips; (ii) electronic components representing surplus materials; and (iii) after-sales services.

The following table sets forth the sales volume of our major products for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	'000	*'000*	*'000*
Mobile phones	**194,371**	**201,440**	**169,036**
Smartphones	96,547	106,476	96,810
Feature phones	97,824	94,964	72,226
IoT products and others	**16,160**	**21,692**	**23,625**
IoT products	16,159	21,658	23,314
Energy storage products	0	25	254
Lightweight electric mobility devices	1	9	57

The following table sets forth the average selling price of our major products for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
Mobile phones	**295.0**	**313.7**	**345.8**
Smartphones	532.4	543.8	566.3
Feature phones	60.7	55.7	50.2
IoT products and others	**121.3**	**101.4**	**161.2**
IoT products	121.0	97.5(1)	141.8(1)
Energy storage products	8,441.0(2)	2,691.7(2)	1,407.0(2)
Lightweight electric mobility devices	2,944.3	2,270.6	2,546.5

Notes:

(1) The average selling price of our IoT products decreased in 2024 primarily due to an increase in the sales volume of power banks which have a lower unit price, the average selling price of our IoT products subsequently increased in 2025 primarily due to an increase in the sales volume of laptops which have a higher unit price.

(2) The average selling price of our energy storage products decreased during the Track Record Period primarily due to changes in our product mix, where sales volume in 2023 was relatively low and weighted toward higher-priced inverters, whereas in 2025 our product offerings became more diversified, with increased sales of lower-priced products such as battery packs and solar panels.

Comparison between 2025 and 2024: Our revenue decreased by 4.5% from RMB68,715.3 million in 2024 to RMB65,591.2 million in 2025.

- *Mobile phones*: Revenue generated from our mobile phones decreased by 7.5% from RMB63,196.6 million in 2024 to RMB58,447.5 million in 2025 due to decreases in the revenue generated from our smartphones and feature phones.

  (i) *Smartphones*: Revenue generated from our smartphones decreased by 5.3% from RMB57,906.0 million in 2024 to RMB54,820.8 million in 2025, primarily due to a 9.1% decrease in the sales volume of our smartphones from 106.5 million units in 2024 to 96.8 million units in 2025. The sales volume of smartphones decreased primarily due (i) strategic volume management in response to rising memory chip prices during 2025, as we prioritized margin preservation over volume growth, and (ii) market competition in certain overseas markets, which negatively impacted our sales performance in these regions.

  (ii) *Feature phones*: Revenue generated from our feature phones decreased by 31.4% from RMB5,290.5 million in 2024 to RMB3,626.8 million in 2025, primarily due to (a) a 23.9% decrease in the sales volume of our feature phones from 95.0 million units in 2024 to 72.2 million units in 2025 and (b) a 9.9% decrease in the average selling price of our feature phones from RMB55.7 per unit in 2024 to RMB50.2 per unit in 2025. The decrease in (a) the sales volume and (b) the average selling price was a result of a decrease in consumer demand for feature phones, which was in line with the industry trend. See "Industry Overview—Overview of Mobile Phone Market in Emerging Markets—Development of Mobile Phone Market in Emerging Markets."

- *Mobile Internet services*: Revenue generated from our mobile Internet services increased by 12.8% from RMB835.0 million in 2024 to RMB942.0 million in 2025, primarily attributable to an increase in revenue from in-application advertising services.

- *IoT products and others*: Revenue generated from IoT products and other products increased by 32.4% from RMB4,683.8 million in 2024 to RMB6,201.7 million in 2025, primarily attributable to an increase in revenue from the sales of our digital accessories and the increased sales volume of our laptop products.

Comparison between 2024 and 2023: Our revenue increased by 10.3% from RMB62,294.9 million in 2023 to RMB68,715.3 million in 2024.

- *Mobile phones*: Revenue generated from our mobile phones increased by 10.2% from RMB57,348.1 million in 2023 to RMB63,196.6 million in 2024, primarily attributable to an increase in revenue from the sales of smartphones, partially offset by a decrease in revenue from the sales of feature phones.

  (i) *Smartphones*: Revenue generated from our smartphones increased by 12.6% from RMB51,406.1 million in 2023 to RMB57,906.0 million in 2024, primarily attributable to a 10.3% increase in the sales volume of smartphones from 96.5 million units in 2023 to 106.5 million units in 2024. The sales volume of smartphones increased primarily because of our business expansion in (a) the emerging APAC markets and (b) Latin America.

  (ii) *Feature phones*: Revenue generated from our feature phones decreased by 11.0% from RMB5,942.0 million in 2023 to RMB5,290.5 million in 2024, primarily due to an 8.2% decrease in the average selling price of feature phones from RMB60.7 per unit in 2023 to RMB55.7 per unit in 2024. The average selling price of feature phones decreased primarily due to a decrease in consumer demand for feature phones, which was in line with the industry trend. According to Frost & Sullivan, in emerging markets, the mobile phone industry is transitioning from feature phones to smartphones, and consumers are increasingly purchasing smartphones. See "Industry Overview—Overview of Mobile Phone Market in Emerging Markets—Development of Mobile Phone Market in Emerging Markets."

- *Mobile Internet services*: Revenue generated from mobile Internet services increased by 5.5% from RMB791.1 million in 2023 to RMB835.0 million in 2024, primarily attributable to an increase in revenue from in-application advertising services.

- *IoT products and others*: Revenue generated from IoT products and other products increased by 12.7% from RMB4,155.7 million in 2023 to RMB4,683.8 million in 2024, primarily attributable to an increase in revenue from the sales of our digital accessories.

Revenue by Geographical Region

The following table sets forth a breakdown of our revenue by geographic regions, mainly based on (i) the designated sales region of our distributors for revenue from mobile phones and IoT products and others and (ii) the locations of our paying customer for revenue from mobile Internet services, in absolute amounts and as percentages of the total revenue for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Africa	21,770,766	34.9	22,551,092	32.8	24,752,983	37.7
Emerging APAC markets	21,504,656	34.5	24,834,423	36.1	23,895,187	36.4
Middle East	5,629,182	9.0	6,631,828	9.7	6,155,102	9.4
Latin America	5,120,208	8.2	6,877,278	10.0	5,248,319	8.0
Central and Eastern Europe	6,321,372	10.1	5,568,159	8.1	3,558,378	5.4
Other regions	1,948,693	3.3	2,252,499	3.3	1,981,267	3.1
Total	**62,294,877**	**100.0**	**68,715,279**	**100.0**	**65,591,236**	**100.0**

Comparison between 2025 and 2024: Our revenue decreased by 4.5% from RMB68,715.3 million in 2024 to RMB65,591.2 million in 2025, primarily due to a decrease in the revenue generated from (i) Central and Eastern Europe and (ii) Latin America due to the market competition in these overseas markets, which negatively impacted our sales performance in these regions.

Comparison between 2024 and 2023: Our revenue increased by 10.3% from RMB62,294.9 million in 2023 to RMB68,715.3 million in 2024, primarily due to an increase in the revenue generated from sale of our mobile phones in Emerging APAC markets and Latin America.

Cost of Revenue

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of inventories sold	46,243,013	96.6	52,657,671	96.8	51,551,660	96.7
Inventories write-down	227,566	0.5	283,207	0.5	283,176	0.5
Warranty expenses	641,895	1.3	642,389	1.2	640,067	1.2
Employee benefits	400,992	0.8	475,467	0.9	496,102	0.9
Depreciation and amortization	121,044	0.3	161,014	0.3	153,365	0.3
Costs related to cloud services and other services and contents	220,469	0.5	154,692	0.3	188,595	0.4
Total	**47,854,979**	**100.0**	**54,374,440**	**100.0**	**53,312,965**	**100.0**

The following table sets forth a breakdown of our key raw materials in the cost of inventories, in absolute amounts and as percentages of our total cost of inventories sold for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Memory chips	9,684,160	20.9	13,182,295	25.0	14,454,779	28.0
SoCs	8,284,309	17.9	8,229,286	15.6	9,106,339	17.7
Screen	6,049,306	13.1	6,765,780	12.8	6,466,662	12.5
Camera	3,090,397	6.7	3,759,590	7.1	3,141,422	6.1
Total	**27,108,172**	**58.6**	**31,936,951**	**60.7**	**33,169,202**	**64.3**

Our cost of revenue increased by 13.6% from RMB47,855.0 million in 2023 to RMB54,374.4 million in 2024 and decreased by 2.0% to RMB53,313.0 million in 2025, which was in line with our revenue trend.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Mobile phones	**13,115,845**	**22.9**	**12,761,721**	**20.2**	**10,513,435**	**18.0**
Smartphones	11,561,045	22.5	11,326,570	19.6	9,710,705	17.7
Feature phones	1,554,800	26.2	1,435,151	27.1	802,730	22.1
Mobile Internet services	**570,628**	**72.1**	**680,267**	**81.5**	**753,437**	**80.0**
IoT products and others	**753,425**	**18.1**	**898,851**	**19.2**	**1,011,399**	**16.3**
Total	**14,439,898**	**23.2**	**14,340,839**	**20.9**	**12,278,271**	**18.7**

Comparison between 2025 and 2024: Our gross profit margin remained relatively stable at 20.9% in 2024 and 18.7% in 2025. Specifically:

- *Mobile phones*: The gross profit margin of our mobile phones decreased from 20.2% in 2024 to 18.0% in 2025 due to a decrease in the gross profit margin of smartphones and feature phones.

  (i) *Smartphones*: The gross profit margin of our smartphones decreased from 19.6% in 2024 to 17.7% in 2025 primarily because of an increase in the unit cost of revenue of smartphones. The increase in the unit cost of revenue was primarily due to an increase in the procurement price of memory chips, one of the key raw materials of smartphones, which was in line with the industry trend, according to Frost & Sullivan. The price increase was driven by explosive growth in AI applications, which created surging demand for HBM (High Bandwidth Memory) and led suppliers to shift production capacity from consumer electronics to AI applications, tightening supply and raising prices.

  (ii) *Feature phones*: The gross profit margin of our feature phones decreased from 27.1% in 2024 to 22.1% in 2025, primarily because of a 9.9% decrease in the average selling price of our feature phones from RMB55.7 per unit in 2024 to RMB50.2 per unit in 2025, as consumer demand decreased for feature phones, which was in line with the industry trend. See "Industry Overview—Overview of Mobile Phone Market in Emerging Markets—Development of Mobile Phone Market in Emerging Markets."

- *Mobile Internet services*: The gross profit margin of our mobile Internet services remained relatively stable at 81.5% in 2024 and 80.0% in 2025.

- *IoT products and others*: The gross profit margin of IoT products and other products decreased from 19.2% in 2024 to 16.3% in 2025, primarily due to (i) an increase in the sales proportion of our home appliances with lower gross profit margin and (ii) a decrease in the gross profit margin of some of our digital accessories.

Comparison between 2024 and 2023: Our gross profit margin decreased from 23.2% in 2023 to 20.9% in 2024.

- *Mobile phones*: The gross profit margin of our mobile phones decreased from 22.9% in 2023 to 20.2% in 2024, primarily due to a decrease in the gross profit margin of smartphones.

  (i) *Smartphones*: The gross profit margin of our smartphones decreased from 22.5% in 2023 to 19.6% in 2024, primarily because of an increase in the unit cost of revenue of smartphones. The increase in the unit cost of revenue was primarily due to an increase in the procurement price of memory chips, one of the key raw materials of smartphones, which was in line with the industry trend, according to Frost & Sullivan. The procurement cost of memory chips increased primarily due to the rapid expansion of artificial intelligence-related applications, which drove significant demand for advanced memory solutions. In response, suppliers reallocated production capacity from consumer electronics to higher-demand segments, resulting in a tightening of supply for consumer-grade memory chips and an overall increase in procurement prices.

  (ii) *Feature phones*: The gross profit margin of our feature phones remained relatively stable at 26.2% in 2023 and 27.1% in 2024.

- *Mobile Internet services*: The gross profit margin of our mobile Internet services increased from 72.1% in 2023 to 81.5% in 2024, primarily because of a decrease in the cost of revenue of mobile Internet services as we optimized our cloud services cost.

- *IoT products and others*: The gross profit margin of IoT products and other products remained relatively stable at 18.1% in 2023 and 19.2% in 2024.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses, in absolute amounts and as percentages of our total general and administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits	1,020,853	56.5	1,098,261	55.0	1,047,982	54.5
Professional service and other consulting fees	144,552	8.0	231,835	11.6	224,460	11.7
Taxes and surcharge	248,874	13.8	206,429	10.3	195,546	10.2
Depreciation and amortization	92,465	5.1	142,842	7.2	130,549	6.8
Office fees	82,067	4.5	111,513	5.6	114,153	5.9
Conference and travel expenses	41,005	2.3	43,717	2.2	49,193	2.6
[REDACTED]	**[REDACTED]**	[REDACTED]	**[REDACTED]**	[REDACTED]	**[REDACTED]**	[REDACTED]
Others[1]	178,411	9.8	160,831	8.1	155,344	8.0
Total	**1,808,227**	**100.0**	**1,995,428**	**100.0**	**1,922,156**	**100.0**

Note:

(1) Others primarily include property management and utilities fees and bank processing fees.

Our general and administrative expenses decreased by 3.7% from RMB1,995.4 million in 2024 to RMB1,922.2 million in 2025, primarily due to a decrease in employee benefits as a result of a decrease in our share-based payments.

Our general and administrative expenses increased by 10.4% from RMB1,808.2 million in 2023 to RMB1,995.4 million in 2024, primarily due to an increase in employee benefits as a result of an increase in share-based payments and the annual salaries of our administrative team.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of our total selling and marketing expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Advertising fees	2,799,099	64.7	3,123,228	64.6	3,266,880	62.8
Employee benefits	1,033,624	23.9	1,073,740	22.2	1,217,804	23.4

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Professional service and other consulting fees	277,743	6.4	350,371	7.2	394,004	7.6
Others [(1)]	218,082	5.0	288,526	6.0	325,329	6.2
Total	**4,328,548**	**100.0**	**4,835,865**	**100.0**	**5,204,017**	**100.0**

Note:

(1) Others primarily include conference and travel expenses, depreciation and amortization and office expenses.

Our selling and marketing expenses increased by 7.6% from RMB4,835.9 million in 2024 to RMB5,204.0 million in 2025, primarily due to (i) an increase in employee benefits as we expand our sales team and (ii) an increase in advertising fees as a result of our increased advertising and marketing activities.

Our selling and marketing expenses increased by 11.7% from RMB4,328.5 million in 2023 to RMB4,835.9 million in 2024, primarily due to an increase in advertising fees as a result of our increased advertising and marketing activities.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefits	1,669,511	74.0	1,708,326	67.9	2,085,090	70.7
Professional service and other consulting fees	236,654	10.5	425,038	16.9	427,715	14.5
R&D materials expenses	175,981	7.8	183,535	7.3	211,241	7.2
Depreciation and amortization	69,932	3.1	76,554	3.0	112,775	3.8
Others[(1)]	103,902	4.6	123,172	4.9	113,410	3.8
Total	**2,255,980**	**100.0**	**2,516,625**	**100.0**	**2,950,231**	**100.0**

Note:

(1) Others primarily include conference and travel expenses, office expenses and licensing expenses.

Our research and development expenses increased by 17.2% from RMB2,516.6 million in 2024 to RMB2,950.2 million in 2025, primarily due to an increase in employee benefits as we expanded our research and development team.

Our research and development expenses increased by 11.6% from RMB2,256.0 million in 2023 to RMB2,516.6 million in 2024, primarily due to an increase in professional service fees related to (i) design and validation fees and (ii) outsourced research and development fees.

Net Impairment Losses/Reversals of Financial Assets

We recorded net impairment reversals of financial assets at RMB1.6 million in 2024 and net impairment losses on financial assets of RMB27.2 million in 2025, primarily due to a higher proportion of credit sales in 2025, resulting in increased trade receivables and correspondingly higher impairment provisions.

We recorded net impairment losses of financial assets at RMB79.7 million in 2023 and net impairment reversals of RMB1.6 million in 2024, primarily due to a decrease in loss allowance of our trade receivables. The loss allowance of our trade receivables decreased primarily due to a decrease in impairment provisions for trade receivables with an aging of over three years.

Other Income

The following table sets forth a breakdown of our other income, in absolute amounts and as percentages of our total other income for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Government grants[(1)]	418,351	98.1	662,264	84.7	396,477	86.0
Additional deduction for VAT	133	0.0	112,247	14.4	52,122	11.3
Dividends of other equity investments	1,212	0.3	2,683	0.3	3,665	0.8
Others	6,847	1.6	4,923	0.6	9,016	1.9
Total	**426,543**	**100.0**	**782,117**	**100.0**	**461,280**	**100.0**

Note:

(1) Our government grants primarily comprise asset-related grants received in connection with production line upgrades and equipment improvement projects, and income-related grants including industrial stabilization subsidies, VAT refunds upon collection and other subsidy programs for which we qualify under applicable government policies, certain of which are non-recurring in nature.

Our other income decreased by 41.0% from RMB782.1 million in 2024 to RMB461.3 million in 2025 primarily due to a decrease in government grants.

Our other income increased by 83.4% from RMB426.5 million in 2023 to RMB782.1 million in 2024, primarily due to an increase in government grants.

Other Gains, Net

The following table sets forth a breakdown of our net other gains, in absolute amounts and as percentages of our net other gains for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Net gains on financial instruments	–	–	108,076	17.8	79,968	44.4
Fair value changes on financial instruments	(68,159)	(35.6)	(156,724)	(25.9)	(20,673)	(11.5)
Net foreign exchange differences	3,583	1.9	(74,896)	(12.4)	(309,909)	(172.1)
Net (losses)/gains on disposal of property, plant and equipment and other long-term assets	(1,373)	(0.7)	(2,884)	(0.5)	3,789	2.1
Net losses on disposal of investments accounted for using the equity method	–	–	(731)	(0.1)	–	–
Net gains on disposal of subsidiaries	–	–	25,960	4.3	–	–
Net gains on disposal of financial instruments	289,138	150.9	601,995	99.4	425,286	236.1
Others[(1)]	(31,552)	(16.5)	104,732	17.4	1,641	1.0
Total	**191,637**	**100.0**	**605,528**	**100.0**	**180,102**	**100.0**

Note:

(1) Others primarily include donations and compensation income.

Our net other gains decreased by 70.3% from RMB605.5 million in 2024 to RMB180.1 million in 2025 primarily due to (i) a decrease in net foreign exchange differences due to fluctuations in the USD exchange rate and (ii) a decrease in net gains on disposal of financial instruments, which are influenced by available liquid funds and prevailing market interest rates.

Our net other gains increased significantly from RMB191.6 million in 2023 to RMB605.5 million in 2024, primarily due to an increase in the net gains on disposal of financial assets as a result of the maturity of some of our wealth management products with higher return.

Finance Income, Net

The following table sets forth a breakdown of our net finance income, in absolute amounts and as percentages of our net finance income for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Finance income						
Interest income from financial assets held for cash management purposes	303,984	135.6	319,638	134.5	294,162	130.3
Finance costs						
Interest expenses on lease liabilities	(12,697)	(5.7)	(11,431)	(4.8)	(7,646)	(3.4)
Interest expenses on borrowings	(53,863)	(24.0)	(61,008)	(25.7)	(54,987)	(24.4)
Interest expenses on long term employee benefit	(13,172)	(5.9)	(9,527)	(4.0)	(5,780)	(2.5)
Finance costs total	(79,732)	(35.6)	(81,966)	(34.5)	(68,413)	(30.3)
Finance income, net	**224,252**	**100.0**	**237,672**	**100.0**	**225,749**	**100.0**

Our net finance income decreased by 5.0% from RMB237.7 million in 2024 to RMB225.7 million in 2025 primarily due to a decrease in interest income from financial assets held for cash management purposes as a result of lower level of our bank deposits and lower level of interest rate during this period.

Our net finance income increased by 6.0% from RMB224.3 million in 2023 to RMB237.7 million in 2024, primarily attributable to an increase in interest income from financial assets held for cash management purposes as a result of an increase in the size of our bank deposits during this period.

Income Tax Expenses

Our income tax expense represented income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. See Note 11 to the Accountants' Report in Appendix I to this document.

The following table sets forth a breakdown of our income tax expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Current income tax	1,271,681	112.8	948,348	87.8	473,879	82.0
Deferred income tax	(144,350)	(12.8)	131,972	12.2	103,713	18.0
Total	**1,127,331**	**100.0**	**1,080,320**	**100.0**	**577,592**	**100.0**

Our effective tax rate (calculated as income tax expense divided by profit before tax) was 16.8%, 16.2% and 18.1%, in 2023, 2024 and 2025, respectively. Please see Note 11 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any material unresolved tax disputes.

Our income tax expense decreased by 4.2% from RMB1,127.3 million in 2023 to RMB1,080.3 million in 2024 and decreased by 46.5% to RMB577.6 million in 2025. The trend in our income tax expense during the Track Record Period were generally in line with the trend of our profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 53.5% from RMB5,597.3 million in 2024 to RMB2,605.2 million in 2025. Our profit for the year remained relatively stable at RMB5,587.1 million in 2023 and RMB5,597.3 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations and our fundraising activities. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations, the net [**REDACTED**] from the [**REDACTED**]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	11,848,684	2,794,998	1,349,953
Net cash flows (used in)/from investing activities	(6,092,788)	837,817	1,799,429
Net cash flows used in financing activities	(3,389,723)	(3,289,925)	(3,097,863)
Net increase in cash and cash equivalents	**2,366,173**	**342,890**	**51,519**
Cash and cash equivalents at the beginning of the year	8,646,387	11,029,112	11,310,093
Effects of exchange rate changes on cash and cash equivalents	16,552	(61,909)	(239,052)
Cash and cash equivalents at the end of the year	**11,029,112**	**11,310,093**	**11,122,560**

Operating Activities

Our cash flows from operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items such as net gains on disposal of financial instruments, share-based compensation expenses and interest income; (ii) the effects of movement in working capital such as receivables and payments; and (iii) other cash items such as income tax paid.

In 2025, we had net cash from operating activities of RMB1,350.0 million, which primarily consisted of profit before tax of RMB3,182.8 million, adjusted for (i) non-cash and non-operating items such as depreciation and amortization of non-current assets of RMB475.8 million and net foreign exchange differences of RMB309.9 million, (ii) the effects of movement in working capital such as increase in receivables of RMB885.6 million and increase in inventories of RMB522.7 million, and (iii) income tax paid of RMB818.9 million.

In 2024, we had net cash from operating activities of RMB2,795.0 million, which primarily consisted of profit before tax of RMB6,677.6 million, adjusted for (i) non-cash and non-operating items such as net gains on disposal of financial instruments of RMB602.0 million, depreciation and amortization of non-current assets of RMB420.2 million and share-based compensation expenses of RMB382.2 million, and (ii) the effects of movement in working capital such as increase in receivables of RMB2,385.3 million and decrease in payables of RMB2,080.7 million, and (iii) income tax paid of RMB1,089.8 million.

In 2023, we had net cash from operating activities of RMB11,848.7 million, which primarily consisted of profit before tax of RMB6,714.4 million, adjusted for (i) non-cash and non-operating items such as share-based compensation expenses of RMB324.2 million, depreciation and amortization of non-current assets of RMB314.7 million and interest income of RMB304.0 million, (ii) the effects of movement in working capital such as increase in payables of RMB11,899.4 million and increase in inventories of RMB4,587.1 million, and (iii) income tax paid of RMB767.5 million.

Investing Activities

Our cash flows from investing activities primarily consisted of withdraw of wealth management products and placement of wealth management products.

In 2025, our net cash from investing activities was RMB1,799.4 million, which consisted primarily of withdraw of wealth management products of RMB20,357.6 million, as partially offset by placement of wealth management products of RMB18,099.9 million.

In 2024, our net cash from investing activities was RMB837.8 million, which consisted primarily of withdraw of wealth management products of RMB19,902.5 million, as partially offset by placement of wealth management products of RMB18,471.9 million.

In 2023, our net cash used in investing activities was RMB6,092.8 million, which consisted primarily of placement of wealth management products of RMB14,898.0 million, as partially offset by withdraw of wealth management products of RMB9,412.3 million.

Financing Activities

Our cash flows from financing activities primarily consisted of proceeds from borrowings, repayments of borrowings and dividends paid to our shareholders.

In 2025, our net cash used in financing activities was RMB3,097.9 million, which consisted primarily of repayment of borrowings of RMB2,998.6 million and dividend paid to our shareholders of RMB2,622.8 million, as partially offset by proceeds from borrowings of RMB2,463.6 million.

In 2024, our net cash used in financing activities was RMB3,289.9 million, which consisted primarily of dividends paid to our shareholders of RMB4,130.2 million and repayments of borrowings of RMB2,370.7 million, as partially offset by proceeds from borrowings of RMB3,055.6 million.

In 2023, our net cash used in financing activities was RMB3,389.7 million, which consisted primarily of dividends paid to our shareholders of RMB3,866.8 million and repayments of borrowings of RMB1,721.0 million, as partially offset by proceeds from borrowings of RMB2,250.0 million.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets				
Inventories	10,443,351	8,663,359	8,902,898	18,648,366
Prepayments and other receivables	1,138,793	1,657,562	1,245,516	1,673,661
Trade receivables	1,965,061	3,376,537	3,726,267	6,269,494
Financial assets at FVPL	13,518,867	12,599,228	10,754,367	6,002,544
Restricted cash	1,569,571	906,076	617,801	956,192
Cash and cash equivalents	11,029,112	11,310,093	11,122,560	9,085,147
Other current assets	467,183	296,264	1,369,956	817,515
Total current assets	**40,131,938**	**38,809,119**	**37,739,365**	**43,452,919**
Current liabilities				
Borrowings	1,763,695	2,443,322	1,878,308	3,708,310
Trade and notes payables	19,141,739	17,212,937	16,793,364	19,860,125
Contract liabilities	930,232	1,117,434	1,062,351	838,743
Lease liabilities	72,113	77,029	77,383	69,482
Current income tax liabilities	527,611	410,767	105,637	499,084
Financial liabilities at FVPL	3,657	450	14,229	–
Accruals and other payables	1,432,323	1,264,836	1,551,091	1,160,307
Other current liabilities	3,184,340	1,458,607	1,578,338	1,607,738
Total current liabilities	**27,055,710**	**23,985,382**	**23,060,701**	**27,743,789**
Net current assets	**13,076,228**	**14,823,737**	**14,678,664**	**15,709,130**

Our net current assets increased by 13.4% from RMB13,076.2 million as of December 31, 2023 to RMB14,823.7 million as of December 31, 2024, primarily due to the decreases in trade and notes payables and accruals and other payables.

Our net current assets decreased by 1.0% from RMB14,823.7 million as of December 31, 2024 to RMB14,678.7 million as of December 31, 2025, primarily due to the decreases in financial assets at FVPL and prepayments and other receivables, partially offset by an increase in other current assets.

Our net current assets increased by 7.0% from RMB14,678.7 million as of December 31, 2025 to RMB15,709.1 million as of May 31, 2026, primarily due to the increases in inventories and trade receivables, partially offset by an increase in trade and notes payables and borrowings.

Inventories

The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	4,547,830	3,140,329	3,809,989
Work in progress	826,284	657,457	686,626
Finished goods	3,706,800	3,201,523	2,781,891
Consigned materials for processing[(1)]	1,590,003	1,947,257	1,907,568
Less: provision for impairment	(227,566)	(283,207)	(283,176)
Total	**10,443,351**	**8,663,359**	**8,902,898**

Note:

(1) Primarily include raw materials provided to, and semi-finished goods held at, our ODM and OEM providers. Certain key raw materials, such as memory chips, cameras and screens, are supplied by us to ODM and OEM providers for manufacturing, in order to ensure product quality and benefit from centralized procurement cost advantages. ODM and OEM providers are responsible for processing such materials in accordance with our specifications and are not permitted to use or dispose of such materials without our authorization. Such raw materials, together with semi-finished goods produced from them, remain our assets during the manufacturing process and are recorded as our inventories until the finished products are delivered to us.

Our inventories decreased by 17.0% from RMB10,443.4 million as of December 31, 2023 to RMB8,663.4 million as of December 31, 2024, primarily due to a decrease in raw materials as we adjusted our inventory based on our evaluation of market condition in early 2025.

Our inventories increased by 2.8% from RMB8,663.4 million as of December 31, 2024 to RMB8,902.9 million as of December 31, 2025, primarily due to an increase in raw materials resulted from arising from strategic stockpiling measures implemented in anticipation of raw material price fluctuations and to support our sales operations, partially offset by a decrease in finished goods in line with lower sales volumes.

The following table sets an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
1-90 days	10,297,344	7,995,432	8,433,055
91-180 days	194,882	533,706	505,965
181-360 days	101,405	334,296	124,488
Over 360 days	77,286	83,132	122,566
Total	**10,670,917**	**8,946,566**	**9,186,074**

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[1]	64.6	65.8	62.1

Note:

(1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of the respective period divided by cost of revenue for the same period and multiplied by 365 days for the year.

Our inventory turnover days remained relatively stable at 64.6 days, 65.8 days and 62.1 days in 2023, 2024 and 2025, respectively. As of May 31, 2026, RMB8,752.3 million, or 95.3%, of our inventories as of December 31, 2025 had been sold or utilized.

Prepayments and Other Receivables — Current

The following table sets forth a breakdown of our current prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current Prepayments			
Prepayments for raw materials	110,156	347,302	599,242
Prepayment for operating expense	127,409	91,638	76,500
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	237,565	**438,940**	**696,739**
Other receivables			
Tax refund receivables	690,413	1,160,539	512,945
Deposits	256,395	85,378	51,358
Advance to staff	5,263	5,872	6,256
Dividends receivable	2,714	–	–
Others	6,010	3,907	4,274
	1,198,360	**1,694,636**	**1,271,572**
Less: provision for impairment	(59,567)	(37,074)	(26,056)
Total	**1,138,793**	**1,657,562**	**1,245,516**

Our current prepayments and other receivables increased by 45.6% from RMB1,138.8 million as of December 31, 2023 to RMB1,657.6 million as of December 31, 2024, primarily due to an increase in tax refund receivables as we sold and exported more products.

Our current prepayments and other receivables decreased by 24.9% from RMB1,657.6 million as of December 31, 2024 to RMB1,245.5 million as of December 31, 2025, primarily due to a decrease in tax refund receivables as a portion of export tax refund claims relating to export sales completed in 2025 had not yet been filed with the relevant tax authorities.

Trade Receivables

Our trade receivables primarily arise from sales of products and services to our customers on credit. The following table sets forth a breakdown of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	2,175,057	3,564,210	3,940,778
Less: credit loss allowance	(209,996)	(187,673)	(214,511)
Total	**1,965,061**	**3,376,537**	**3,726,267**

Our trade receivables increased by 71.8% from RMB1,965.1 million as of December 31, 2023 to RMB3,376.5 million as of December 31, 2024, primarily due to the recognition of the trade receivables owed by one of our former subsidiary in India. The former subsidiary in India is engaged in the manufacturing of mobile phones. We disposed of part of our equity interest in this subsidiary in July 2024 in light of the changes in the international market environment (the "**Disposal of Indian Subsidiary**"). In particular, the Indian government introduced a series of regulations and restrictions on foreign investment in India, particularly with respect to investments originating from China. While our formal subsidiary in India did not experience any material adverse impact from such regulations and restrictions during the Track Record Period, we decided to transfer our interest in the former subsidiary in India to an independent third party as a precautionary measure to mitigate any potential adverse impact that may arise from such regulations and restrictions in the future. Following the Disposal of Indian Subsidiary, the Indian subsidiary became an independent third-party OEM supplier. As we continued to sell raw materials to the Indian subsidiary during the Track Record Period, amounts previously eliminated upon consolidation were recognized as trade receivables at the Group level.

Our trade receivables further increased by 10.4% to RMB3,726.3 million as of December 31, 2025 primarily because certain overseas customers adopt more air freight instead of sea freight shipping. This transition extended delivery cycles, which in turn delayed the commencement of payment terms and resulted in higher outstanding receivables.

The following table sets forth the aging analysis of the trade receivables based on the revenue recognition date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,068,197	3,487,265	3,874,155
1 to 2 years	43,530	26,070	10,608
2 to 3 years	6,824	28,887	16,106
Over 3 years	56,506	21,988	39,909
Total	**2,175,057**	**3,564,210**	**3,940,778**

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	10.6	15.2	20.9

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables for the respective period, divided by the revenue for the same period and multiplied by 365 days for the year.

Our trade receivables turnover days increased from 10.6 days in 2023 to 15.2 days in 2024, primarily due to an increase in trade receivables due to the recognition of our sales of raw materials to the Indian subsidiary after the Disposal of Indian Subsidiary. Following the disposal, amounts previously eliminated upon consolidation became receivables due from an external counterparty. As a result, these balances from the sales of raw materials were recognized as trade receivables. Our trade receivables turnover days further increased from 15.2 days in 2024 to 20.9 days in 2025, primarily due to an increased level of trade receivables in 2025 primarily because certain overseas customers adopt more air freight instead of sea freight shipping. As of May 31, 2026, RMB3,707.7 million, or 94.1%, of our trade receivables as of December 31, 2025, had been settled.

Financial Assets at FVPL

The following table sets forth a breakdown of our financial assets at FVPL as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products[(1)]	13,518,867	12,599,124	10,735,489
Derivative financial assets[(2)]	–	104	18,878
Total	**13,518,867**	**12,599,228**	**10,754,367**

Notes:

(1) Primarily include low-risk wealth management products purchased from large commercial banks.

(2) Primarily include forward foreign exchange contracts and foreign exchange swap arrangements.

Our financial assets at FVPL decreased by 6.8% from RMB13,518.9 million as of December 31, 2023 to RMB12,599.2 million as of December 31, 2024, and further decreased by 14.6% to RMB10,754.4 million as of December 31 2025, primarily due to the redemption of our wealth management products.

We have formulated investment management policies ("Investment Management Policies") to regulate the investing activities across our Group and preserve and improve the return on our capital. Our investment strategy is oriented towards generating sustainable long-term returns that complement our core business operations and contribute to the overall economic interests and sustainable development of our Group.

Our shareholders' meeting and our Board of Directors are generally responsible for the decision-making process of our investments. The approval procedures of our investing activities shall strictly comply with our Articles of Association, applicable laws and regulations, and shall abide by the authority and meeting procedures of our shareholders' meeting and our Board of Directors. Specifically, our Investment Management Policies provide for the circumstances under which our shareholders or our Board of Directors shall be responsible for approving certain investments, such as based on the value of the underlying transaction(s) as a percentage of our total or net assets, revenue or net profit. Our Investment Management Policies establish a structured internal control framework under which our investment management department is responsible for feasibility assessment and post-investment monitoring, our legal and company secretary functions oversee compliance and approval procedures, and our finance department manages investment-related financial matters. Our investments in financial assets at FVPL after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Other Current Assets

The following table sets forth a breakdown of our other current assets as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deductible input VAT	435,510	154,339	1,233,216
Prepaid corporate income tax	31,673	59,969	99,910
Others	–	81,956	36,830
Total	**467,183**	**296,264**	**1,369,956**

Our other current assets decreased by 36.6% from RMB467.2 million as of December 31, 2023 to RMB296.3 million as of December 31, 2024, primarily due to a decrease in deductible input VAT as we prioritized the consumption of our inventories resulting in output VAT and a decrease in input VAT credits carried forward.

Our other current assets increased significantly from RMB296.3 million as of December 31, 2024 to RMB1,370.0 million as of December 31, 2025, primarily due to an increase in deductible input VAT as a portion of export tax refund claims relating to export sales completed in 2025 had not yet been filed with the relevant tax authorities.

Borrowings — Current

Our current borrowings increased by 38.5% from RMB1,763.7 million as of December 31, 2023 to RMB2,443.3 million as of December 31, 2024, primarily because we obtained additional short-term borrowings for our business operations.

Our current borrowings decreased by 23.1% from RMB2,443.3 million as of December 31, 2024 to RMB1,878.3 million as of December 31, 2025, primarily due to payments of our bank loans.

Trade and Notes Payables

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	14,073,653	13,286,143	11,813,616
Notes payables	5,068,086	3,926,794	4,979,748
Total	**19,141,739**	**17,212,937**	**16,793,364**

Our trade and notes payables decreased by 10.1% from RMB19,141.7 million as of December 31, 2023 to RMB17,212.9 million as of December 31, 2024, primarily due to a decrease in trade payables and notes payables as we adjusted our procurement of raw materials based on our evaluation of market condition in early 2025. Our trade and notes payables remained relatively stable at RMB16,793.4 million as of December 31, 2025.

The following table sets forth the aging analysis of the trade payables as of the dates indicated.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	14,049,915	13,256,950	11,776,136
Over 1 year	23,738	29,193	37,480
	14,073,653	**13,286,143**	**11,813,616**

The following table sets forth our trade payables turnover days during the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days[1]	75.7	91.8	85.9

Note:

(1) Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the respective period, divided by the cost of revenue for the same period and multiplied by 365 days for the year.

Our trade payables turnover days increased from 75.7 days in 2023 to 91.8 days in 2024, primarily due to (i) an increase in our payables related to our payment obligations from our licensing agreement and (ii) the recognition of trade payables arising from our procurement of finished goods from the Indian subsidiary following the Disposal of Indian Subsidiary. As we continued to purchase finished goods from the Indian subsidiary during the Track Record Period, amounts previously eliminated upon consolidation were recognized as trade payables at the Group level.

Our trade payables turnover days remained relatively stable at 91.8 days in 2024 and 85.9 days in 2025. As of May 31, 2026, RMB15,761.7 million, or 93.9%, of our trade and notes payable as of December 31, 2025, had been settled.

Contract Liabilities

Our contract liabilities arise from customers' prepayments for our products and services. Our contract liabilities increased by 20.1% from RMB930.2 million as of December 31, 2023 to RMB1,117.4 million as of December 31, 2024, primarily due to an increase in sales to our customers. Our contract liabilities remained relatively stable at RMB1,117.4 million as of December 31, 2024 and RMB1,062.4 million as of December 31, 2025. As of May 31, 2026, RMB1,062.4 million, or 100.0% of our contract liabilities, had been subsequently recognized as revenue.

Financial Liabilities at FVPL

Our financial liabilities at FVPL were RMB3.7 million, RMB0.5 million and RMB14.2 million as of December 31, 2023, 2024 and 2025, respectively. Fluctuations in our financial liabilities at FVPL were primarily due to changes in the fair value of forward foreign exchange contracts outstanding.

Accruals and Other Payables

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	1,157,136	996,945	1,164,249
Deposits payables	20,678	32,158	129,248
Dividends payables	–	22,259	17,636
Taxes other than income tax payables	231,859	191,724	209,979
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	22,650	21,750	24,609
Total	**1,432,323**	**1,264,836**	**1,551,091**

Our accruals and other payables decreased by 11.7% from RMB1,432.3 million as of December 31, 2023 to RMB1,264.8 million as of December 31, 2024, primarily due to a decrease in accrued salaries, wages and benefits as we paid the employee bonuses.

Our accruals and other payables increased by 22.6% from RMB1,264.8 million as of December 31, 2024 to RMB1,551.1 million as of December 31, 2025, primarily due to (i) an increase in salaries, wages and benefits resulted from growth in our employee headcount and (ii) an increase in deposits payables resulted from a change in our supplier engagement model in Bangladesh, which required higher deposits from suppliers. As of May 31, 2026, RMB1,121.3 million, or 72.3%, of our accruals and other payables as of December 31, 2025, had been settled.

Other Current Liabilities

The following table sets forth a breakdown of our current liabilities as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other tax to be recognized	26,555	29,007	31,856
Estimated liabilities	3,157,785	1,429,600	1,546,482
Total	**3,184,340**	**1,458,607**	**1,578,338**

Our other current liabilities decreased from RMB3,184.3 million as of December 31, 2023 to RMB1,458.6 million as of December 31, 2024, primarily due to a decrease in estimated liabilities related to our provision for patent royalty claims as we entered into commercial arrangements with certain patent holders, resulting in the reclassification of such estimated liabilities to trade payables. See Note 28 to the Accountants' Report in Appendix I to this document.

Our provision for estimated warranty claims arises from warranties we provide on our products. Our provision for patent royalty claims arises from potential payment obligations to third parties. See "Risk Factors—Risks Relating to Our Business and Industry—If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and damages and may have to redesign or suspend the sales of products involved."

Our other current liabilities increased by 8.2% from RMB1,458.6 million as of December 31, 2024 to RMB1,578.3 million as of December 31, 2025, primarily due to an increase in estimated liabilities related to our provision for patent royalty claims.

Non-Current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	3,121,544	3,205,289	3,201,615
Right-of-use assets	657,733	578,768	1,165,594
Deferred tax assets	743,880	657,135	515,959
Intangible assets	89,478	72,623	55,189
Investments accounted for using the equity method	429,967	773,825	870,891
Other financial assets at FVPL	852,218	908,402	659,314
Prepayments and other receivables	94,243	57,239	174,334
Total non-current assets	**5,989,063**	**6,253,281**	**6,642,896**
Non-current liabilities			
Borrowings	247,119	247,163	276,614
Lease liabilities	171,002	86,625	46,556
Deferred tax liabilities	39,917	77,561	69,879
Other non-current liabilities	430,389	320,133	279,831
Total non-current liabilities	**888,427**	**731,482**	**672,880**

Property, Plant and Equipment

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Buildings	2,585,872	2,496,334	2,403,477
Machinery and equipment	292,411	445,017	510,049
Transportation tools	4,681	8,028	11,712
Other equipment	182,166	180,284	205,931
Construction in progress	600	32,076	41,250
Leasehold improvement	55,814	43,550	29,196
Total	**3,121,544**	**3,205,289**	**3,201,615**

Our property, plant and equipment remained relatively stable at RMB3,121.5 million, RMB3,205.3 million and RMB3,201.6 million as of December 31, 2023, 2024 and 2025.

Right-of-Use Assets

The following table sets forth a breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Land use right	429,746	413,234	1,037,628
Buildings	219,522	161,633	126,177
Machinery and equipment	8,465	3,901	1,789
Total	**657,733**	**578,768**	**1,165,594**

Our right-of-use assets decreased by 12.0% from RMB657.7 million as of December 31, 2023 to RMB578.8 million as of December 31, 2024, primarily due to the Disposal of Indian Subsidiary.

Our right-of-use assets increased significantly from RMB578.8 million as of December 31, 2024 to RMB1,165.6 million as of December 31, 2025, primarily due to our purchase of land use rights for additional land parcels for the construction of our multi-purpose complex.

Investments Accounted for Using the Equity Method

Our investments accounted for using the equity method primarily consist of investments in our associates.

Our investment accounted for using the equity method increased by 80.0% from RMB430.0 million as of December 31, 2023 to RMB773.8 million as of December 31, 2024, primarily attributable to the recognition of our investments in the Indian subsidiary as an associate after the Disposal of Indian Subsidiary. Following the disposal, our retained equity interests in the subsidiary no longer qualified for full consolidation and were instead recognized as investments in associates. As a result, the carrying amounts of these interests were recorded under investments accounted for using the equity method.

Our investment accounted for using the equity method increased by 12.5% from RMB773.8 million as of December 31, 2024 to RMB870.9 million as of December 31, 2025, primarily attributable to an increase in the share of profits from our associates.

Other Financial Assets at FVPL

The following table sets forth our other financial assets at FVPL as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Equity investments	745,978	800,576	641,742
Convertible bonds	106,240	107,826	17,572
Total	**852,218**	**908,402**	**659,314**

Our other financial assets at FVPL increased by 6.6% from RMB852.2 million as of December 31, 2023 to RMB908.4 million as of December 31, 2024, primarily attributable to an increase in equity instrument investment as a result of an increase in the fair value of our equity interests in certain companies.

Our other financial assets at FVPL decreased by 27.4% from RMB908.4 million as of December 31, 2024 to RMB659.3 million as of December 31, 2025, primarily attributable to a decrease in equity instrument investment as we disposed our equity interest in certain companies.

Prepayments and Other Receivables — Non-Current

Our non-current prepayments and other receivables decreased by 39.3% from RMB94.2 million as of December 31, 2023 to RMB57.2 million as of December 31, 2024, primarily due to a decrease in prepayment related to the purchase of equipment.

Our non-current prepayments and other receivables increased significantly by 204.6% from RMB57.2 million as of December 31, 2024 to RMB174.3 million as of December 31, 2025, primarily due to (i) an increase in the prepayments for multi-year advertising contracts and (ii) an increase in prepayment related to the purchase of equipment.

Borrowings — Non-Current

Our non-current borrowings remained relatively stable at RMB247.1 million and RMB247.2 million as of December 31, 2023 and 2024. Our non-current borrowings increased by 11.9% from RMB247.2 million as of December 31, 2024 to RMB276.6 million as of December 31, 2025, primarily due to an increase in long-term bank borrowings by our overseas subsidiaries to support their localized business expansion.

Other Non-Current Liabilities

The following table sets forth a breakdown of our other non-current liabilities.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income in relation to government grants	221,191	246,031	279,831
Long-term salaries, wages and bonuses	209,198	74,102	–
Total	**430,389**	**320,133**	**279,831**

Our other non-current liabilities decreased by 25.6% from RMB430.4 million as of December 31, 2023 to RMB320.1 million as of December 31, 2024. The decrease was primarily due to (i) a decrease in estimated liabilities following the execution of licensing agreements with our licensors, which resulted in the recognition of the corresponding payment obligations under these agreements as trade payables; and (ii) the reclassification of estimated liabilities which primarily include (a) the provisions for estimated warranty claims and (b) patent royalty claims from non-current liabilities. See Note 28 to the Accountants' Report in Appendix I to this document.

Our other non-current liabilities decreased by 12.6% from RMB320.1 million as of December 31, 2024 to RMB279.8 million as of December 31, 2025 primarily due to a decrease in long-term salaries, wages and bonuses resulting from the reclassification of certain long-term employee compensation arrangements to current liabilities as they became payable within one year.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current				
Borrowings	1,763,695	2,443,322	1,878,308	3,708,310
Lease liabilities	72,113	77,029	77,383	69,482
Non-current				
Borrowings	247,119	247,163	276,614	270,894
Lease liabilities	171,002	86,625	46,556	34,130
Total	**2,253,929**	**2,854,139**	**2,278,861**	**4,082,816**

Borrowings

As of December 31, 2023, 2024 and 2025 and May 31, 2026, our borrowings, including current and non-current portion, were RMB2,010.8 million, RMB2,690.5 million, RMB2,154.9 million and RMB3,979.2 million, respectively. See "—Selected Balance Sheet Items—Current Assets/Liabilities—Borrowings—Current" and "—Selected Balance Sheet Items—Non-Current Assets and Liabilities—Borrowings—Non-Current" for details.

Our borrowings increased by 84.7% from RMB2,154.9 million as of December 31, 2025 to RMB3,979.2 million as of May 31, 2026, primarily due to an increase in our short-term borrowings to meet our working capital needs. During the Track Record Period, the interest rates of our borrowings ranged from 1.68% to 18.00%. As of May 31, 2026, our unutilized banking facilities were RMB11,037.7 million. For further information regarding our interest-bearing bank borrowings, please see Note 25 to the Accountants' Report in Appendix I to this document. Our Directors confirm that there was no default in payments of our liabilities or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and May 31, 2026, our lease liabilities, including current and non-current portion, were RMB243.1 million, RMB163.7 million, RMB123.9 million and RMB103.6 million, respectively.

Our current lease liabilities primarily arise from the lease of office premises, production facilities. Our current lease liabilities increased by 6.8% from RMB72.1 million as of December 31, 2023 to RMB77.0 million as of December 31, 2024, primarily because we entered into additional lease agreements for our office buildings and warehousing. Our current lease liabilities remained stable at RMB77.0 million as of December 31, 2024 and RMB77.4 million as of December 31, 2025. Our current lease liabilities decreased by 10.2% from RMB77.4 million as of December 31, 2025 to RMB69.5 million as of May 31, 2026, primarily due to rental payments made pursuant to lease agreements.

Our non-current lease liabilities primarily arise from the lease of office premises and production facilities. Our non-current lease liabilities decreased by 49.3% from RMB171.0 million as of December 31, 2023 to RMB86.6 million as of December 31, 2024, primarily due to the Disposal of Indian Subsidiary. Our non-current lease liabilities decreased by 46.3% from RMB86.6 million as of December 31, 2024 to RMB46.6 million as of December 31, 2025, and further decreased by 26.7% to RMB34.1 million as of May 31, 2026 primarily due to rental payments made pursuant to lease agreements.

No Other Outstanding Indebtedness

Except as disclosed above, as of May 31, 2026, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since May 31, 2026.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURES

Our capital expenditures consist of payments for purchase of property, plant and equipment, intangible assets and other non-current assets for the purpose of expanding our operations. Our capital expenditures were RMB822.6 million, RMB640.2 million and RMB983.1 million, respectively, in 2023, 2024 and 2025.

CAPITAL COMMITMENTS

The following table sets forth our major capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:			
– Contracted, but not provided for	404,296	306,120	210,328
Investment commitments:			
– Authorized, but not contracted	–	–	4,500
– Contracted, but not provided for	182,734	183,951	231,180
Total	**587,030**	**490,071**	**446,008**

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of or for the periods indicated.

	As of or for the year ended December 31,		
	2023	2024	2025
Current ratio(1)	1.5	1.6	1.6
Gearing ratio(2)	12.4%	14.0%	11.0%
Return on equity(3)	32.8%	29.1%	12.7%
Net profit margin(4)	9.0%	8.1%	4.0%

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Gearing ratio is calculated based on total indebtedness (including borrowings and lease liabilities) divided by total equity and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year divided by average balance of total equity at the beginning and the end of that year multiplied by 100%.

(4) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.

Current Ratio

Our current ratio remained relatively stable at 1.5, 1.6 and 1.6 as of December 31, 2023, 2024 and 2025, respectively.

Gearing Ratio

Our gearing ratio increased from 12.4% as of December 31, 2023 to 14.0% as of December 31, 2024, primarily due to an increase in total indebtedness. The increase in total indebtedness was primarily due to an increase in total borrowings. The increase in total indebtedness was partially offset by an increase in total equity as a result of an increase in retained earnings.

Our gearing ratio decreased from 14.0% as of December 31, 2024 to 11.0% as of December 31, 2025, primarily due to a decrease in total indebtedness. The decrease in total indebtedness was primarily due to a decrease in total borrowings. The decrease in total indebtedness was partially offset by a decrease in total equity as a result of a decrease in retained earnings.

Return on Equity

Our return on equity decreased from 32.8% in 2023 to 29.1% in 2024, primarily due to an increase in total equity. The increase in total equity was primarily due to an increase in retained earnings. Our return on equity further decreased to 12.7% in 2025, in line with our decreased gross profit.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 36 to the Accountants' Report in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. Our overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on our financial performance, and maximizes the interests of shareholders and other equity investors. Based on this risk management objective, our basic strategy is to identify and analyze the various risks we face, establish appropriate risk tolerance thresholds, and timely and reliably monitor these risks to control them within a limited range. See Note 3 to the Accountants' Report in Appendix I to this document for details of our financial risks.

DIVIDENDS AND DIVIDEND POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we declared and paid dividends of RMB3,866.8 million, RMB4,130.2 million and RMB2,622.8 million in 2023, 2024 and 2025, respectively.

According to the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修訂)》), and the Articles of Association, we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profit realized for that year after making the required appropriations to statutory reserves. Save for the provisions in our Articles of Association, we have not adopted a formal dividend policy and have not determined any dividend payout ratio. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant. On August 28, 2025, we declared an interim dividend of RMB912.3 million to our Shareholders, all of which had been paid by September 17, 2025 in cash.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained earnings of RMB11,371.7 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**] expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] and the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately of [**REDACTED**] of our gross [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**] of HK$[**REDACTED**], professional fees for institutions such as our legal advisors and Reporting Accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**], accounting for approximately [**REDACTED**] of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. In 2025, we have incurred approximately HK$[**REDACTED**] in relation to the [**REDACTED**], of which approximately HK$[**REDACTED**] is expected to be deducted from equity upon completion of the [**REDACTED**], and the remaining amount of approximately HK$[**REDACTED**] was recognized in our profit or loss.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II—Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the latest balance sheet date of our consolidated financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.