The following is the text of a report set out on pages [I-[●] to I-[●]], received from the Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN TRANSSION HOLDINGS CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

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

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("Underlying Financial Statements").

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

Consolidated statements of profit or loss

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	62,294,877	68,715,279	65,591,236
Cost of revenue	8	(47,854,979)	(54,374,440)	(53,312,965)
Gross profit		**14,439,898**	**14,340,839**	**12,278,271**
General and administrative expenses	8	(1,808,227)	(1,995,428)	(1,922,156)
Selling and marketing expenses	8	(4,328,548)	(4,835,865)	(5,204,017)
Research and development expenses	8	(2,255,980)	(2,516,625)	(2,950,231)
Net impairment (losses)/reversals on financial assets	3.2	(79,659)	1,577	(27,236)
Other income	6	426,543	782,117	461,280
Other gains, net	7	191,637	605,528	180,102
Operating profit		**6,585,664**	**6,382,143**	**2,816,013**
Finance income	10	303,984	319,638	294,162
Finance costs	10	(79,732)	(81,966)	(68,413)
Finance income, net		224,252	237,672	225,749
Share of profit or loss of investments accounted for using the equity method		(95,520)	57,832	141,066
Profit before income tax		**6,714,396**	**6,677,647**	**3,182,828**
Income tax expense	11	(1,127,331)	(1,080,320)	(577,592)
Profit for the year		**5,587,065**	**5,597,327**	**2,605,236**
Attributable to:				
– Owners of the Company		5,537,045	5,548,950	2,580,637
– Non-controlling interests		50,020	48,377	24,599
		5,587,065	**5,597,327**	**2,605,236**
Earnings per share attributable to the owners of the Company (in RMB per share)				
– Basic	13	4.91	4.90	2.26
– Diluted	13	4.87	4.85	2.25

Consolidated statements of comprehensive income

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**5,587,065**	**5,597,327**	**2,605,236**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss in subsequent periods, net of tax:			
– Share of other comprehensive loss of associates	(23,892)	(9,037)	(39,867)
– Exchange differences on translation of foreign operations	16,364	36,937	26,560
Other comprehensive income/(loss) for the year, net of tax	**(7,528)**	**27,900**	**(13,307)**
Attributable to:			
– Owners of the Company	6,051	29,972	(2,361)
– Non-controlling interests	(13,579)	(2,072)	(10,946)
Total comprehensive income for the year	**5,579,537**	**5,625,227**	**2,591,929**
Attributable to:			
– Owners of the Company	5,543,096	5,578,922	2,578,276
– Non-controlling interests	36,441	46,305	13,653
	5,579,537	**5,625,227**	**2,591,929**

Consolidated statements of financial position

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	3,121,544	3,205,289	3,201,615
Right-of-use assets	*17*	657,733	578,768	1,165,594
Deferred tax assets	*20*	743,880	657,135	515,959
Intangible assets	*18*	89,478	72,623	55,189
Investments accounted for using the equity method	*14*	429,967	773,825	870,891
Other financial assets at fair value through profit or loss	*3.6*	852,218	908,402	659,314
Prepayments and other receivables	*23*	94,243	57,239	174,334
Total non-current assets		**5,989,063**	**6,253,281**	**6,642,896**
Current assets				
Inventories	*21*	10,443,351	8,663,359	8,902,898
Prepayments and other receivables	*23*	1,138,793	1,657,562	1,245,516
Trade receivables	*22*	1,965,061	3,376,537	3,726,267
Financial assets at fair value through profit or loss	*3.6*	13,518,867	12,599,228	10,754,367
Restricted cash	*24*	1,569,571	906,076	617,801
Cash and cash equivalents	*24*	11,029,112	11,310,093	11,122,560
Other current assets	*23*	467,183	296,264	1,369,956
Total current assets		**40,131,938**	**38,809,119**	**37,739,365**
Total assets		**46,121,001**	**45,062,400**	**44,382,261**
LIABILITIES				
Non-current liabilities				
Borrowings	*25*	247,119	247,163	276,614
Lease liabilities	*17*	171,002	86,625	46,556
Deferred tax liabilities	*20*	39,917	77,561	69,879
Other non-current liabilities	*28*	430,389	320,133	279,831
Total non-current liabilities		**888,427**	**731,482**	**672,880**

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Borrowings	*25*	1,763,695	2,443,322	1,878,308
Trade and notes payables	*26*	19,141,739	17,212,937	16,793,364
Contract liabilities	*5*	930,232	1,117,434	1,062,351
Lease liabilities	*17*	72,113	77,029	77,383
Current income tax liabilities		527,611	410,767	105,637
Financial liabilities at fair value through profit or loss	*3.6*	3,657	450	14,229
Accruals and other payables	*27*	1,432,323	1,264,836	1,551,091
Other current liabilities	*28*	3,184,340	1,458,607	1,578,338
Total current liabilities		**27,055,710**	**23,985,382**	**23,060,701**
Total liabilities		**27,944,137**	**24,716,864**	**23,733,581**
EQUITY				
Equity attributable to owner of the Company				
Share capital	*29*	806,565	1,140,351	1,151,185
Other reserves	*32*	7,122,742	7,670,727	8,002,000
Retained earnings	*31*	10,125,899	11,419,280	11,371,694
		18,055,206	20,230,358	20,524,879
Non-controlling interests		121,658	115,178	123,801
TOTAL EQUITY		**18,176,864**	**20,345,536**	**20,648,680**
TOTAL LIABILITIES AND EQUITY		**46,121,001**	**45,062,400**	**44,382,261**

Company's statements of financial position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	749,274	745,338	706,468
Right-of-use assets	*17*	248,189	231,642	855,668
Intangible assets	*18*	15,377	15,340	12,522
Investments in subsidiaries	*15*	4,290,557	4,290,557	4,290,557
Prepayments and other receivables	*23*	3,087	8,313	32,139
Total non-current assets		**5,306,484**	**5,291,190**	**5,897,354**
Current assets				
Inventories	*21*	734	–	50,030
Prepayments and other receivables	*23*	3,097,568	6,097,138	3,488,059
Trade receivables	*22*	21,007	13,569	105,596
Financial assets at fair value through profit or loss	*3.6*	12,122,301	8,509,003	7,204,309
Restricted cash	*24*	–	164,287	25,385
Cash and cash equivalents	*24*	6,148,104	4,094,012	4,188,072
Other current assets	*23*	–	256,845	184,474
Total current assets		**21,389,714**	**19,134,854**	**15,245,925**
Total assets		**26,696,198**	**24,426,044**	**21,143,279**
LIABILITIES				
Non-current liabilities				
Borrowings	*25*	247,119	247,163	245,174
Lease liabilities	*17*	23,599	16,553	8,489
Deferred tax liabilities	*20*	5,428	47,610	48,756
Other non-current liabilities	*28*	55,764	31,319	20,396
Total non-current liabilities		**331,910**	**342,645**	**322,815**
Current liabilities				
Borrowings	*25*	252,121	249,165	2,000
Trade and notes payables	*26*	1,012,776	548,554	992,510
Contract liabilities		–	–	33
Lease liabilities	*17*	6,757	7,047	7,348
Current income tax liabilities		10,037	53,507	24,339
Accruals and other payables	*27*	14,559,404	10,863,516	4,605,169
Other current liabilities	*28*	–	–	4
Total current liabilities		**15,841,095**	**11,721,789**	**5,631,403**
Total liabilities		**16,173,005**	**12,064,434**	**5,954,218**
EQUITY				
– Share capital	*29*	806,565	1,140,351	1,151,185
– Other reserves	*32*	6,224,028	6,981,719	7,673,858
– Retained earnings	*31*	3,492,600	4,239,540	6,364,018
TOTAL EQUITY		**10,523,193**	**12,361,610**	**15,189,061**
TOTAL LIABILITIES AND EQUITY		**26,696,198**	**24,426,044**	**21,143,279**

Consolidated statements of changes in equity

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 *(Note 29)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**803,950**	**6,559,371**	**8,455,660**	**15,818,981**	**46,076**	**15,865,057**
Profit for the year	–	–	5,537,045	5,537,045	50,020	5,587,065
Other comprehensive income/(loss)	–	6,051	–	6,051	(13,579)	(7,528)
Total comprehensive income for the year	**–**	**6,051**	**5,537,045**	**5,543,096**	**36,441**	**5,579,537**
Capital injection	2,615	57,370	–	59,985	49,604	109,589
Share-based payment *(Note 32)*	–	392,844	–	392,844	–	392,844
Dividends declared *(Note 12)*	–	–	(3,866,806)	(3,866,806)	(13,003)	(3,879,809)
Share of other changes in net assets of associates	–	98,094	–	98,094	–	98,094
Disposal of subsidiaries	–	16,199	–	16,199	–	16,199
Transaction with non-controlling interests	–	(7,187)	–	(7,187)	2,540	(4,647)
Balance at December 31, 2023	**806,565**	**7,122,742**	**10,125,899**	**18,055,206**	**121,658**	**18,176,864**

	Attributable to owners of the Company					
	Share capital	**Other reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 *(Note 29)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 31)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**806,565**	**7,122,742**	**10,125,899**	**18,055,206**	**121,658**	**18,176,864**
Profit for the year	–	–	5,548,950	5,548,950	48,377	5,597,327
Other comprehensive income/(loss)	–	29,972	–	29,972	(2,072)	27,900
Total comprehensive income for the year	**–**	**29,972**	**5,548,950**	**5,578,922**	**46,305**	**5,625,227**
Capital injection	11,159	325,214	–	336,373	15,112	351,485
Share-based payment *(Note 32)*	–	389,740	–	389,740	–	389,740
Appropriations to statutory reserves	–	125,348	(125,348)	–	–	–
Dividends declared *(Note 12)*	–	–	(4,130,221)	(4,130,221)	(55,335)	(4,185,556)
Conversion of capital reserve into share capital	322,627	(322,627)	–	–	–	–
Disposal of subsidiaries	–	–	–	–	(12,224)	(12,224)
Transaction with non-controlling interests	–	338	–	338	(338)	–
Balance at December 31, 2024	**1,140,351**	**7,670,727**	**11,419,280**	**20,230,358**	**115,178**	**20,345,536**
Balance at January 1, 2025	**1,140,351**	**7,670,727**	**11,419,280**	**20,230,358**	**115,178**	**20,345,536**
Profit for the year	–	–	2,580,637	2,580,637	24,599	2,605,236
Other comprehensive loss	–	(2,361)	–	(2,361)	(10,946)	(13,307)
Total comprehensive (loss)/income for the year	**–**	**(2,361)**	**2,580,637**	**2,578,276**	**13,653**	**2,591,929**
Capital injection	10,834	274,564	–	285,398	27,900	313,298
Share-based payment *(Note 32)*	–	104,741	–	104,741	–	104,741
Appropriations to statutory reserves	–	5,417	(5,417)	–	–	–
Dividends declared *(Note 12)*	–	–	(2,622,806)	(2,622,806)	(26,050)	(2,648,856)
Share of other changes in net assets of associates	–	(49,353)	–	(49,353)	–	(49,353)
Transaction with non-controlling interests	–	(1,735)	–	(1,735)	(6,880)	(8,615)
Balance at December 31, 2025	**1,151,185**	**8,002,000**	**11,371,694**	**20,524,879**	**123,801**	**20,648,680**

Consolidated statements of cash flows

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*33(a)*	12,312,167	3,565,139	1,874,740
Interest received		303,984	319,638	294,162
Income tax paid		(767,467)	(1,089,779)	(818,949)
Net cash generated from operating activities		**11,848,684**	**2,794,998**	**1,349,953**
Cash flows from investing activities				
Proceeds from disposal of equity investments at fair value through profit and loss		510,297	87,640	465,551
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		19,243	7,585	4,791
Withdraw of wealth management products		9,412,299	19,902,527	20,357,609
Government grant received related to assets		41,377	52,784	70,257
Payments for purchase of investments in associates		(34,578)	–	(41,817)
Purchases of equity investments at fair value through profit and loss		(278,343)	(193,694)	(213,799)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(822,588)	(640,192)	(983,141)
Placement of wealth management products		(14,897,990)	(18,471,860)	(18,099,919)
Movements of restricted cash		–	(157,300)	157,300
Payments for settlement of derivative financial instruments		(39,806)	(10,772)	–
Net cash flow from the disposal of subsidiaries		(3,911)	255,702	–
Dividends received from equity investments		1,212	5,397	82,597
Net cash (used in)/generated from investing activities		**(6,092,788)**	**837,817**	**1,799,429**

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Capital contributions from the non-controlling interests		49,604	15,112	27,900
Proceeds from share schemes		59,985	336,373	285,398
Proceeds from borrowings		2,250,000	3,055,600	2,463,597
Proceeds from disposal of subsidiaries		835	–	–
Payments to non-controlling interests for disposal of subsidiaries		(5,535)	–	(8,615)
Repayments of borrowings		(1,721,000)	(2,370,715)	(2,998,636)
Principal elements of lease payments		(74,180)	(85,345)	(82,677)
Interests paid		(69,623)	(77,653)	(63,157)
Dividends paid to the Company's shareholders		(3,866,806)	(4,130,221)	(2,622,806)
Dividends paid to the non-controlling interests		(13,003)	(33,076)	(30,673)
Movements of restricted cash		–	–	(49,198)
[**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]
Net cash 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 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	*24*	**11,029,112**	**11,310,093**	**11,122,560**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shenzhen Transsion Holdings Co., Ltd. (深圳傳音控股股份有限公司) (hereinafter referred to as "the Company"), formerly known as Transsion Limited, is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC") on August 21, 2013. The Company was listed on the STAR market of Shanghai Stock Exchange (stock code: 688036) in September, 2019. The registered office of the Company is located at Unit 1, 24th Floor, Transsion Building, No. 8 Xianyuan Road, Xili Community, Xili Street, Nanshan District, Shenzhen, Guangdong Province, PRC. The ultimate holding company of the Company is Transsion Investment (hereinafter referred to as "the Holding Company"), which is also incorporated in the PRC. The ultimate controlling person is Mr. Zhu Zhaojiang ("the ultimate controlling person").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in the design, R&D, manufacturing, sales and brand management of smart devices, with a focus on mobile phones.

The Company's principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 15.

The Historical Financial Information are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the 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 the 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 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the 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 in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 38 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 'Presentation and Disclosure in Financial Statements', which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 'Presentation of Financial Statements'. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and IFRS 7 'Financial Instruments: Disclosures'. Minor amendments to IAS 7 'Statement of Cash Flows' and IAS 33 'Earnings per Share' are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currencies of the subsidiaries outside Chinese mainland are mainly United States Dollar ("USD"), Indian Rupee ("INR"), United Arab Emirates Dirham ("AED"), Ethiopian Birr ("ETB") and Bangladeshi Taka ("BDT"), whereas functional currency of the subsidiaries operate in Mainland China is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

As at December 31, 2023, 2024 and 2025, the foreign currency denominated financial assets and liabilities are summarized as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	3,400,793	8,629,143	11,975,831
INR	187,038	195,108	71,522
AED	485,766	353,996	128,731
ETB	178,285	46,283	58,050
BDT	388,980	90,960	234,449
Others	221,736	229,445	2,729,322
Financial liabilities denominated in:			
USD	4,910,824	3,429,321	4,918,114
INR	221,219	1,464,163	868,542
AED	142,223	19,852	30,581
ETB	2,329	3,268	45,399
BDT	16,780	9,253	121,765
Others	45,382	47,635	69,924

As shown in the table above, the Group is primarily exposed to changes in USD, INR, AED, ETB and BDT exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD, INR, AED, ETB and BDT denominated financial instruments is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD/RMB exchange rate –			
Increase 5%	(75,502)	259,991	352,886
Decrease 5%	75,502	(259,991)	(352,886)
INR/RMB exchange rate –			
Increase 5%	(1,709)	(63,453)	(39,851)
Decrease 5%	1,709	63,453	39,851
AED/RMB exchange rate –			
Increase 5%	17,177	16,707	4,908
Decrease 5%	(17,177)	(16,707)	(4,908)
ETB/RMB exchange rate –			
Increase 5%	8,798	2,151	633
Decrease 5%	(8,798)	(2,151)	(633)
BDT/RMB exchange rate –			
Increase 5%	18,610	4,085	5,634
Decrease 5%	(18,610)	(4,085)	(5,634)

(b) Interest rate risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment.

As at December 31, 2023, 2024 and 2025, total principal of the borrowings of the Group which were bearing at floating rates amounted to approximately RMB1,999,000,000, RMB2,683,885,000 and RMB1,257,000,000, respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB9,995,000, RMB13,419,000 and RMB6,285,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash, as well as trade receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash;
- Trade receivables;
- Other receivables.

Credit risk of cash and cash equivalents, restricted cash

Cash and cash equivalents and restricted cash are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade receivables

(i) Trade Receivables

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("ECL") which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables for certain customers based on historical settlement record.

The historical loss rates are calculated based on the historical payment profiles of sales and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for trade receivables:

As at December 31, 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Assessed individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . . .	**119,230**	**75.55%**	**90,081**	Financial difficulty

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Assessed individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . . .	**932,743**	**4.45%**	**41,535**	Financial difficulty

As at December 31, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Assessed individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . . .	**785,694**	**5.64%**	**44,335**	Financial difficulty

The Group individually assessed the recoverability of the balance with certain customers as at December 31, 2023, 2024 and 2025, as different level of credit risk from those assessed based on grouping were identified. Changes in the expected loss rate of trade receivables assessed individually are mainly due to the customers' financial condition, operation results and ability to repay.

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	As at December 31, 2023			As at December 31, 2024			As at December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*
Within 1 year . .	5	2,029,002	101,450	5	2,601,483	130,073	5	3,126,047	156,302
1 to 2 years . . .	20	6,185	1,237	20	16,793	3,359	20	10,608	2,122
2 to 3 years . . .	50	6,824	3,412	50	970	485	50	13,354	6,677
Over 3 years . .	100	13,816	13,816	100	12,221	12,221	100	5,075	5,075
		2,055,827	**119,915**		**2,631,467**	**146,138**		**3,155,084**	**170,176**

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, The Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	**165,124**	**209,996**	**187,673**
Loss allowance recognized, net	54,179	18,480	35,838
Loss allowance written off	(9,256)	(22,250)	(9,000)
Impact of changes in the scope of consolidation	(51)	(18,553)	–
Closing loss allowance	**209,996**	**187,673**	**214,511**

(ii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of tax refund, deposits and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

Assessed based on grouping:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	0.24%	20.00%	80.20%	
Gross carrying amount	725,101	214,314	18,666	958,081
Loss allowance	**1,734**	**42,863**	**14,970**	**59,567**
December 31, 2024				
Expected loss rate	0.11%	20.00%	64.15%	
Gross carrying amount	1,187,290	18,448	49,958	1,255,696
Loss allowance	**1,337**	**3,690**	**32,047**	**37,074**
December 31, 2025				
Expected loss rate	0.18%	20.00%	73.19%	
Gross carrying amount	532,418	11,208	31,207	574,833
Loss allowance	**973**	**2,242**	**22,841**	**26,056**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	**38,569**	**59,567**	**37,074**
Loss allowance recognized/(reversed), net	22,763	(20,193)	(10,904)
Loss allowance written off	(1,529)	(527)	(114)
Impact of changes in the scope of consolidation	(236)	(1,773)	–
Closing loss allowance	**59,567**	**37,074**	**26,056**

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and notes payables	19,141,739	–	–	–	19,141,739	19,141,739
Accruals and other payables (excluding non-financial liabilities)	43,328	–	–	–	43,328	43,328
Lease liabilities	83,133	81,320	94,705	12,352	271,510	243,115

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss	3,657	–	–	–	3,657	3,657
Borrowings	1,789,302	250,015	–	–	2,039,317	2,010,814
	21,061,159	**331,335**	**94,705**	**12,352**	**21,499,551**	**21,442,653**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and notes payables	17,212,937	–	–	–	17,212,937	17,212,937
Accruals and other payables (excluding non-financial liabilities)	53,908	–	–	–	53,908	53,908
Lease liabilities	82,659	58,069	31,892	–	172,620	163,654
Financial liabilities at fair value through profit or loss	450	–	–	–	450	450
Borrowings	2,465,769	7,813	247,458	–	2,721,040	2,690,485
	19,815,723	**65,882**	**279,350**	**–**	**20,160,955**	**20,121,434**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and notes payables	16,793,364	–	–	–	16,793,364	16,793,364
Accruals and other payables (excluding non-financial liabilities)	159,227	–	–	–	159,227	159,227
Lease liabilities	81,770	43,054	5,741	–	130,565	123,939
Financial liabilities at fair value through profit or loss	14,229	–	–	–	14,229	14,229
Borrowings	1,895,771	267,599	17,624	–	2,180,994	2,154,922
	18,944,361	**310,653**	**23,365**	**–**	**19,278,379**	**19,245,681**

3.4 Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified as FVPL (Note 19). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, profit before tax for the year would have been approximately RMB37,299,000, RMB40,029,000 and RMB32,087,000 higher/lower as a result of gains/losses on financial instruments classified as FVPL.

3.5 Capital Management

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

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	46,121,001	45,062,400	44,382,261
Total liabilities	27,944,137	24,716,864	23,733,581
Debt to asset ratio	**60.59%**	**54.85%**	**53.48%**

3.6 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	–	13,518,867	–	13,518,867
Other financial assets at fair value through profit or loss				
– Equity investments	–	–	745,978	745,978
– Convertible bonds	–	–	106,240	106,240
	–	**13,518,867**	**852,218**	**14,371,085**
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	**–**	**3,657**	**–**	**3,657**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	–	12,599,124	–	12,599,124
– Derivative financial assets	–	104	–	104
Other financial assets at fair value through profit or loss				
– Equity investments *(i)*	30,109	–	770,467	800,576
– Convertible bonds	–	–	107,826	107,826
	30,109	**12,599,228**	**878,293**	**13,507,630**
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	**–**	**450**	**–**	**450**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	–	10,735,489	–	10,735,489
– Derivative financial assets	–	18,878	–	18,878
Other financial assets at fair value through profit or loss				
– Equity investments *(i)*	25,764	–	615,978	641,742
– Convertible bonds	–	–	17,572	17,572
	25,764	**10,754,367**	**633,550**	**11,413,681**
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	**–**	**14,229**	**–**	**14,229**

The Company

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	**–**	**12,122,301**	**–**	**12,122,301**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	**–**	**8,509,003**	**–**	**8,509,003**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Wealth management products	–	7,185,431	–	7,185,431
– Derivative financial assets	–	18,878	–	18,878
	–	**7,204,309**	**–**	**7,204,309**

(i) The market price of the above equity investments measured at Level 1 fair value are determined based on the closing price of stock on December 31, 2024 and 2025.

(ii) The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including level 3 fair values, the Group's finance department assisted by the independent valuer to performs the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The changes in Level 3 assets are analyzed below:

The changes in Level 3 assets are analyzed below:

	Equity investments (i)	Convertible bonds (ii)	Total
As at January 1, 2023	**1,211,267**	**–**	**1,211,267**
Additions	85,339	193,004	278,343
Disposals	(419,008)	–	(419,008)
Changes in fair value through profit or loss	(131,620)	(86,764)	(218,384)
As at December 31, 2023 and January 1, 2024	**745,978**	**106,240**	**852,218**
Additions	15,972	177,722	193,694
Disposals	(72,019)	–	(72,019)
Transfer	(30,109)	–	(30,109)
Changes in fair value through profit or loss	110,645	(176,136)	(65,491)
As at December 31, 2024 and January 1, 2025	**770,467**	**107,826**	**878,293**
Additions	146,882	66,917	213,799
Disposals	(311,586)	–	(311,586)
Transfer	–	(107,826)	(107,826)
Changes in fair value through profit or loss	10,215	(49,345)	(39,130)
As at December 31, 2025	**615,978**	**17,572**	**633,550**

(i) The fair values of unlisted equity investments as at December 31, 2023, 2024 and 2025 have been arrived with reference to the net asset value report of the fund or valuation carried out on the dates by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method under market approach.

(ii) The fair values of convertible bonds as at December 31, 2023, 2024 and 2025 have been arrived with reference to the fair value assessment carried out on the dates by an independent qualified professional valuer not connected to the Group.

(d) Valuation Inputs and Relationships to Fair Value

The information of fair value measurements for Level 3 as at December 31, 2023, 2024 and 2025 is as follows:

	Fair value					
	As at December 31,					
Description	**2023**	**2024**	**2025**	**Valuation techniques**	**Significant unobservable input(s)**	**Relationship of unobservable input(s) to fair values**
	RMB'000	*RMB'000*	*RMB'000*			
Equity investments	745,978	770,467	615,978	Guideline public company method	Price-to-Earnings Ratio ("P/E")	An increase in P/E used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline public company method	Price-to-Book Ratio ("P/B")	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline public company method	Price-to-Sales Ratio ("P/S")	An increase in P/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Net asset value	Net asset value	An increase in net asset value would result in an increase in fair value, and vice versa.
Convertible bonds	106,240	107,826	17,572	Fair value assessment	N/A	N/A

If the P/E, P/B and P/S used had been 5% higher/lower for equity instruments measured at FVPL, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB22,667,000, RMB18,218,000 and RMB7,544,000 higher/lower, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimates net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for executed sales contracts, management estimates the net realizable amount based on the contracted price. For raw materials and work in progress, management has established a model in estimating the net realizable amount at which the inventories can be realizable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the year which reflect conditions that existed at the end of each year.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(b) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward looking information in Chinese mainland and overseas. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product ("GDP") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets. These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumption of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the tax losses and the deductible temporary differences can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

(e) Fair Value Measurement of Financial Assets at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy see Note 3.6.

(f) Provisions

Provisions are made for both the estimated warranty claims and patent royalty claims. The provision for warranty represents the expense accrued by the Group for providing warranty services of a specified duration for the self-branded mobile phones and other products it sells, based on the amount expected to be paid in the future, which is subject to the impact of the revenue of the current period and the empirical expense rate. The provision for patent royalty represents the royalty accrued by the Group for the potential unauthorized use of third-party standard patents in the self-branded mobile phones it sells, based on the amount expected to be paid in the future, which is subject to the impact of the revenue of the current period and the estimated expense rate. The estimation basis is reviewed on an on-going basis and revised where appropriate.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The Group's CODM has been identified as the chairman and executive directors of the Board who are responsible for allocating resources and assessing performance of the operating segment.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

(b) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with external customers recognized at a point in time			
– Mobile phones	57,348,058	63,196,562	58,447,549
– Mobile Internet services	791,097	834,959	942,032
– Others *(i)*	4,148,315	4,669,669	6,160,669
Lease income	7,407	14,089	40,986
	62,294,877	**68,715,279**	**65,591,236**

(i) Others primarily include revenue from IoT products, energy storage products, lightweight electric mobility devices and electronic components.

(c) Revenue from Major Customers

For the years ended December 31, 2023, 2024 and 2025, no individual customer contributed 10% or more of the Group's total revenue.

(d) Geographical Information

The Company is domiciled in Chinese mainland. The amount of the Group's revenue by geographic regions is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Africa	21,770,766	22,551,092	24,752,983
Emerging APAC markets	21,504,656	24,834,423	23,895,187
Middle East	5,629,182	6,631,828	6,155,102
Latin America	5,120,208	6,877,278	5,248,319
Central and Eastern Europe	6,321,372	5,568,159	3,558,378
Other regions	1,948,693	2,252,499	1,981,267
	62,294,877	**68,715,279**	**65,591,236**

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	930,232	1,117,434	1,062,351

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	879,969	930,232	1,117,434

Management expects that the unsatisfied obligation of RMB930,232,000, RMB1,117,434,000 and RMB1,062,351,000 as at December 31, 2023, 2024 and 2025, respectively, will be recognized as revenue during the next twelve months.

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

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

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of Goods

The Group is principally engaged in the design, R&D, manufacturing, sales and brand management of smart devices, with a focus on mobile phones.

Revenue from domestic sales of products shall be recognized at a point in time based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving to the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from oversea sales of products shall be recognized at a point in time based on the sales contracts, customs declaration form, bill of lading and other documents. Under the FOB, CIF and CIP models, the Group recognizes revenue when the products are loaded on board the vessel (or aircraft), customs cleared, and the bill of lading is obtained, which is considered as the time when the control has been transferred and the performance obligation has been fulfilled. Under the EXW model, the Group recognizes revenue when the products are delivered to the customers or to a carrier designated by the customers at the Group's location and the logistics receipt is obtained. Under the FCA model, the Group recognizes revenue when the products are delivered to a carrier designated by the customers at a specified location and the logistics receipt is obtained.

(ii) Rendering of services

The Group also provides mobile internet services and after-sales services, and the revenue shall be recognized at a point in time when the performance obligation is satisfied and the right to receive payment is obtained.

6. OTHER INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	418,351	662,264	396,477
Additional deduction for VAT *(i)*	133	112,247	52,122
Dividends of other equity investments	1,212	2,683	3,665
Others	6,847	4,923	9,016
	426,543	**782,117**	**461,280**

(i) Pursuant to the Announcement 2023 No. 43 "Notice on the Additional Value-Added Tax ("VAT") Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027.

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net gains on financial instruments	–	108,076	79,968
Fair value changes on financial instruments	(68,159)	(156,724)	(20,673)
Net foreign exchange differences	3,583	(74,896)	(309,909)
Net (losses)/gains on disposal of property, plant and equipment and other long-term assets	(1,373)	(2,884)	3,789
Net losses on disposal of investments accounted for using the equity method	–	(731)	–
Net gains on disposal of subsidiaries	–	25,960	–
Net gains on disposal of financial instruments	289,138	601,995	425,286
Others	(31,552)	104,732	1,641
	191,637	**605,528**	**180,102**

8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses, research and development expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold *(i)*	46,243,013	52,657,671	51,551,660
Promotion and advertising expenses	2,799,099	3,123,228	3,266,880
Employee benefit expenses *(Note 9)*	4,124,981	4,355,794	4,846,977
Warranty expenses	641,895	642,389	640,067
Cloud services fees and content fees paid to game suppliers and content providers	220,469	154,692	188,595
Depreciation and amortization	314,688	420,214	475,789
Office expenses	132,919	166,487	171,000
Professional services and other consulting fees	658,949	1,007,243	1,046,180
Surplus taxes	248,874	206,429	195,546
Traveling expenses	155,467	187,204	206,656
Impairment losses on inventories	227,566	283,207	283,176
Materials consumption	175,981	183,535	211,241
Auditors' remuneration	4,434	4,434	4,434
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other expenses	299,399	329,831	296,239
	56,247,734	**63,722,358**	**63,389,369**

(i) Cost of inventory sold mainly includes raw materials cost, outsourcing processing fees and manufacturing overhead, among other items.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	3,298,707	3,455,208	4,079,146
Share-based compensation expenses	324,216	382,157	134,521
Housing fund, medical insurance and other social insurance	201,775	215,638	241,285
Pension costs *(i)*	162,054	183,000	211,896
Other employee benefits	138,229	119,791	180,129
	4,124,981	**4,355,794**	**4,846,977**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the year ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zhu Zhaojiang	–	12,482	46	–	12,528
Mr. Zhang Qi	–	9,356	27	10,001	19,384
Mr. Yan Meng	–	14,931	143	–	15,074
Mr. Ye Weiqiang	–	1,010	27	–	1,037
Mr. Xiao Ming *(i)*	–	1,035	53	–	1,088
Mr. Ariful	–	2,463	16	–	2,479
Ms. Yang Hong *(i)*	–	125	–	–	125
Independent non-executive directors:					
Mr. Zhang Peng *(ii)*	98	–	–	–	98
Mr. Jiang Qiankun *(ii)*	98	–	–	–	98
Mr. Yang Zhenghong *(ii)*	98	–	–	–	98
Mr. Huang Yijian *(ii)*	22	–	–	–	22
Mr. Chen Linrong *(ii)*	22	–	–	–	22
Mr. Zhang Huailei *(ii)*	22	–	–	–	22
Supervisors:					
Mr. Song Yingnan	–	832	38	–	870
Mr. Zhou Zongzheng *(iii)*	–	128	3	–	131
Mr. Wang Haibin *(iii)*	–	4,619	26	–	4,645
Mr. Zhou Yanfu	–	627	24	–	651
Total	**360**	**47,608**	**403**	**10,001**	**58,372**

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zhu Zhaojiang	–	7,797	46	–	7,843
Mr. Zhang Qi	–	1,742	27	15,729	17,498
Mr. Yan Meng	–	3,984	131	–	4,115
Mr. Ye Weiqiang	–	1,452	26	–	1,478
Mr. Ariful	–	3,077	16	–	3,093
Ms. Yang Hong *(i)*	–	3,324	–	–	3,324
Independent non-executive directors:					
Mr. Huang Yijian *(ii)*	120	–	–	–	120
Mr. Chen Linrong *(ii)*	120	–	–	–	120
Mr. Zhang Huailei *(ii)*	120	–	–	–	120
Supervisors:					
Mr. Song Yingnan	–	642	37	–	679
Mr. Zhou Zongzheng *(iii)*	–	594	24	–	618
Mr. Zhou Yanfu	–	616	25	–	641
Total	**360**	**23,228**	**332**	**15,729**	**39,649**

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zhu Zhaojiang	–	2,569	47	–	2,616
Mr. Zhang Qi	–	2,429	27	5,646	8,102
Mr. Yan Meng	–	366	132	–	498
Mr. Ye Weiqiang	–	1,603	27	–	1,630
Mr. Ariful	–	3,348	16	–	3,364
Ms. Yang Hong *(i)*	–	3,830	–	–	3,830
Independent non-executive directors:					
Mr. Huang Yijian *(ii)*	120	–	–	–	120
Mr. Chen Linrong *(ii)*	120	–	–	–	120
Mr. Zhang Huailei *(ii)*	120	–	–	–	120
Total	**360**	**14,145**	**249**	**5,646**	**20,400**

(i) Xiao Ming resigned as executive director of the Group on December 25, 2023. Yang Hong was engaged as executive director of the Group on December 25, 2023.

(ii) Zhang Peng, Jiang Qiankun and Yang Zhenghong resigned as independent directors of the Group on December 25, 2023. Huang Yijian, Chen Linrong and Zhang Huailei were engaged as independent directors of the Group on December 25, 2023.

(iii) Wang Haibin resigned as supervisor of the Group on December 25, 2023. Zhou Zongzheng was engaged as supervisor of the Group on December 25, 2023.

(iv) Pursuant to the 20th meeting of the 3rd Board of Directors and the 16th meeting of the 3rd Board of Supervisors, which were held on November 12, 2025, the Company cancelled the Board of Supervisors, and the functions of the Board of Supervisors shall be exercised by the Audit Committee of the Board of Directors.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 36, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 2, 1 and 1 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 3, 4 and 4 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	16,541	12,898	21,414
Housing fund, retirement and other benefits	31	295	176
Share-based compensation expenses	35,770	53,365	13,995
	52,342	**66,558**	**35,585**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD7,000,001 to HKD7,500,000	–	–	1
HKD7,500,001 to HKD8,000,000	–	–	1
HKD8,500,001 to HKD9,000,000	–	–	2
HKD14,500,001 to HKD15,000,000	–	1	–
HKD16,000,001 to HKD16,500,000	–	1	–
HKD18,500,001 to HKD19,000,000	1	–	–
HKD19,000,001 to HKD19,500,000	1	–	–
HKD20,000,001 to HKD20,500,000	1	1	–
HKD21,500,001 to HKD22,000,000	–	1	–
	3	**4**	**4**

10. FINANCE INCOME/(COSTS), NET

	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	319,638	294,162
Finance costs:			
Interest expenses on lease liabilities	(12,697)	(11,431)	(7,646)
Interest expenses on borrowings	(53,863)	(61,008)	(54,987)
Interest expenses on long term employee benefit	(13,172)	(9,527)	(5,780)
Finance costs total	(79,732)	(81,966)	(68,413)
Finance income, net	**224,252**	**237,672**	**225,749**

11. INCOME TAX EXPENSE/(CREDIT)

The income tax expenses of the Group during the Track Record Period are analyzed as follows:

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

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

(i) In accordance with the relevant regulations of the Enterprise Income Tax laws (the "EIT Law") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

(ii) During the Track Record Period, the Company has obtained High and New Technology Enterprises certification ("HNTE") and hence it is entitled to a preferential CIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

(iii) The preferential income tax rate applicable to certain subsidiaries of the Group within the scope of the China's Western Development Programme was 15% for the Track Record Period.

(iv) One subsidiary qualifies as state-supported software enterprises under PRC tax regulations. The subsidiary was exempt from enterprise income tax for the first two years and subject to a 50% reduction (i.e., 12.5% effective rate) for the subsequent three years commencing from its respective profit-making year. The tax incentives were applied in 2023 with the reduced rate of 12.5% in compliance with the referenced regulations.

(v) Certain subsidiaries were qualified as small and micro enterprises and were subject to preferential tax. From January 1, 2023 to December 31, 2027, the taxable income of small and micro enterprises shall be calculated at a reduced rate of 25% and subject to corporate income tax at a rate of 20%.

(vi) According to the relevant laws and regulations promulgated by MOF and STA, enterprises engaging in R&D activities are entitled to claim 200% from January 2022 onwards of their R&D expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction for R&D").

(b) Hong Kong Profits Tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the relevant periods. However, one subsidiary of the Group which is qualified corporation can choose to apply the Two-tiered Profits Tax rates regime during 2023, 2024 and 2025, respectively. Under this regime, the first HK$2,000,000 of assessable profits of the qualified entity established in Hong Kong are taxed at 8.25% and the remaining profits are taxed at 16.5%.

(c) Corporate Income Tax Incentives in Bangladesh

A subsidiary of the Group qualifies for income tax incentives under the Bangladesh Export Processing Zone Authority (BEPZA) regime. Pursuant to the policy, the subsidiary is exempt from corporate income tax for the first three years, followed by a phased reduction of 80%, 70%, 60%, 50%, 40%, 30%, and 20% for the fourth to tenth years, respectively, calculated from the commencement of economic activities. The tax exemptions for the first three years (2023, 2024 and 2025) have been applied in the current financial statements, with the phased reduction periods aligned with the BEPZA regulatory framework.

(d) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions had been calculated on the estimated assessable profit for the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(e) OECD Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development ("OECD"). As at December 31, 2025, in the Chinese mainland, the legislation is not yet substantively enacted. However, the Pillar Two legislation was effective since January 1, 2025 in Hong Kong and United Arab Emirates, where the Group has operating subsidiaries, and the Group has recognized relevant income tax expenses for certain subsidiaries for the year ended December 31, 2025.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	**6,714,396**	**6,677,647**	**3,182,828**
Income tax calculated at the PRC taxation rate of 25%	1,678,599	1,669,412	795,707
Tax effect of:			
The impact of different tax rates on subsidiaries	(584,152)	(560,235)	(281,786)
Non-deductible expenses	189,410	169,185	193,012
Super deduction for research and development expenditure	(205,288)	(223,593)	(262,042)
Adjustments in respect of current tax of previous years	(2,228)	7,622	22,003
Tax losses and other temporary differences not recognized as deferred tax assets	49,881	93,799	181,211
The impact of investment income accounted for using the equity method	15,480	(10,585)	(24,141)
Non-taxable income	(11,641)	(16,919)	(14,542)
Utilization of previously unrecognized tax losses	(2,730)	(48,366)	(31,830)
	1,127,331	**1,080,320**	**577,592**

12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year *(i)*	1,447,110	2,419,696	1,710,525
Interim dividends in respect of current year, declared and paid during the year *(ii)*	2,419,696	1,710,525	912,281
	3,866,806	**4,130,221**	**2,622,806**

(i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024 of RMB18.00 per 10 shares (tax inclusive), RMB30.00 per 10 shares (tax inclusive) and RMB15.00 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting, respectively.

(ii) Interim dividends attributable to owners of the Company in respect of 2023, 2024 and 2025 of RMB30.00 per 10 shares (tax inclusive), RMB15.00 per 10 shares (tax inclusive) and RMB8.00 per 10 shares (tax inclusive) were approved by the shareholder in the Extraordinary General Meeting or the Board of Directors, respectively.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB'000)	5,537,045	5,548,950	2,580,637
Weighted average number of ordinary shares in issue (thousands)	1,127,056	1,131,981	1,143,059
Basic EPS (RMB per share)	**4.91**	**4.90**	**2.26**

(b) Diluted Earnings Per Share

	Year ended December 31,		
	2023	2024	2025
Adjusted profit attributable to ordinary shareholders of the Company used in calculating diluted EPS (RMB'000)	5,537,045	5,548,950	2,580,637
Weighted average number of ordinary shares in issue (thousands)	1,127,056	1,131,981	1,143,059
Adjustments for potential shares arising from share schemes (thousands)	9,939	12,889	5,783
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	1,136,995	1,144,870	1,148,842
Diluted EPS (RMB per share)	**4.87**	**4.85**	**2.25**

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

The amounts of investments accounted for using the equity method recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Associates	429,967	773,825	870,891

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**448,208**	**429,967**	**773,825**
Additions and transfers	34,578	264,005	148,399
Share of results of associates	(124,307)	89,620	116,819

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of other comprehensive loss	(23,892)	(9,037)	(39,867)
Share of other equity movement	98,094	–	(49,353)
Dividends	(2,714)	–	(78,932)
Others	–	(730)	–
At the end of the year	**429,967**	**773,825**	**870,891**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Group's share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	429,967	773,825	870,891
Aggregate amounts of the Group's share of:			
(Loss)/profit for the year	(124,307)	89,620	116,819
Other comprehensive loss	(23,892)	(9,037)	(39,867)
Total comprehensive (loss)/income	**(148,199)**	**80,583**	**76,952**

15. INVESTMENTS IN SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company — As at December 31, 2023		2024		2025		Principal activities
		'000	*Direct*	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
Shenzhen Xiaochuan Industrial Limited (深圳小傳實業有限公司)	PRC, limited liability company	RMB100,000	100%	–	100%	–	100%	–	Procurement
Shenzhen Tecno Technology Co., Ltd. (深圳市泰衡諾科技有限公司)	PRC, limited liability company	RMB1,468,785	100%	–	100%	–	100%	–	Procurement, manufacturing, research and development
Shenzhen Transsion Manufacture Limited (深圳傳音製造有限公司)	PRC, limited liability company	RMB220,000	100%	–	100%	–	100%	–	Manufacturing
Chongqing Transsion Technology Limited (重慶傳音科技有限公司)	PRC, limited liability company	RMB618,424	100%	–	100%	–	100%	–	Procurement, manufacturing, research and development

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company — As at December 31, 2023		2024		2025		Principal activities
		'000	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Chongqing Xiaochuan Industrial Co., Ltd. (重慶小傳實業有限公司)	PRC, limited liability company	RMB10,000	100%	–	100%	–	100%	–	Sales
Shenzhen Aifutuo Technology Limited (深圳埃富拓科技有限公司)	PRC, limited liability company	RMB100,000	100%	–	100%	–	100%	–	Manufacturing
TECNO REALLYTEK LIMITED	Hong Kong, limited liability company	HKD10	–	100%	–	100%	–	100%	Procurement
TECNO MOBILE LTD	Hong Kong, limited liability company	HKD10	–	100%	–	100%	–	100%	Sales
INFINIX MOBILITY LTD	Hong Kong, limited liability company	HKD10	–	100%	–	100%	–	100%	Sales
TRANSSION TECHNOLOGY PTE. LIMITED	Singapore, limited liability company	USD8,000	–	100%	–	100%	–	100%	Sales, procurement
TRANSSION COMMUNICATION FZE	UAE, limited liability company	AED100	–	100%	–	100%	–	100%	Sales

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

Name of subsidiary	Name of statutory auditors — 2023	2024	2025
Shenzhen Xiaochuan Industrial Limited (深圳小傳實業有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
Shenzhen Tecno Technology Co., Ltd. (深圳市泰衡諾科技有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
Shenzhen Transsion Manufacture Limited (深圳傳音製造有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
Chongqing Transsion Technology Limited (重慶傳音科技有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
Chongqing Xiaochuan Industrial Co., Ltd. (重慶小傳實業有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
Shenzhen Aifutuo Technology Limited (深圳埃富拓科技有限公司)	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.	Shenzhen Putian Certified Public Accountants Co., Ltd.
TECNO REALLYTEK LIMITED	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited
TECNO MOBILE LTD	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited

Name of subsidiary	Name of statutory auditors 2023	2024	2025
INFINIX MOBILITY LTD	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited	Diligent Treasure CPA Limited
TRANSSION COMMUNICATION FZE	Earningo Accounting and Tax Consultancy	Earningo Accounting and Tax Consultancy	Earningo Accounting and Tax Consultancy
TRANSSION TECHNOLOGY PTE. LIMITED	LIGHTSPRING ASSURANCE	LIGHTSPRING ASSURANCE	RSM SG Assurance LLP

The Company

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	**4,290,557**	**4,290,557**	**4,290,557**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Transportation tools	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023							
Cost	520,047	331,377	12,102	399,458	1,585,581	66,983	2,915,548
Accumulated depreciation and impairment	(92,309)	(103,835)	(7,092)	(237,512)	–	(42,265)	(483,013)
Carrying amount	**427,738**	**227,542**	**5,010**	**161,946**	**1,585,581**	**24,718**	**2,432,535**
Opening carrying amount	427,738	227,542	5,010	161,946	1,585,581	24,718	2,432,535
Additions	–	45,978	1,923	76,949	781,258	20,434	926,542
Disposals	(11,316)	(8,393)	(152)	(2,230)	–	–	(22,091)
Transfer from construction in progress	2,226,834	64,294	107	42,561	(2,366,239)	32,443	–
Impact of changes in the scope of consolidation	–	–	–	(385)	–	(68)	(453)
Depreciation	(44,786)	(37,219)	(1,769)	(93,998)	–	(21,713)	(199,485)
Currency translation differences	(12,598)	209	(438)	(2,677)	–	–	(15,504)
Closing carrying amount	**2,585,872**	**292,411**	**4,681**	**182,166**	**600**	**55,814**	**3,121,544**
As at December 31, 2023 and January 1, 2024							
Cost	2,717,013	422,469	12,478	494,926	600	119,243	3,766,729
Accumulated depreciation and impairment	(131,141)	(130,058)	(7,797)	(312,760)	–	(63,429)	(645,185)
Carrying amount	**2,585,872**	**292,411**	**4,681**	**182,166**	**600**	**55,814**	**3,121,544**

	Buildings	Machinery and equipment	Transportation tools	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Opening carrying amount	2,585,872	292,411	4,681	182,166	600	55,814	3,121,544
Additions	7,460	120,268	6,046	106,631	235,442	10,833	486,680
Disposals	–	(8,166)	(31)	(1,419)	–	–	(9,616)
Transfer from construction in progress	23,656	173,397	–	6,425	(203,478)	–	–
Impact of changes in the scope of consolidation	–	(74,883)	(593)	(9,125)	(488)	(35)	(85,124)
Depreciation	(96,944)	(56,529)	(1,761)	(103,021)	–	(23,062)	(281,317)
Currency translation differences	(23,710)	(1,481)	(314)	(1,373)	–	–	(26,878)
Closing carrying amount	**2,496,334**	**445,017**	**8,028**	**180,284**	**32,076**	**43,550**	**3,205,289**
As at December 31, 2024 and January 1, 2025							
Cost	2,718,208	562,482	16,208	555,450	32,076	125,979	4,010,403
Accumulated depreciation and impairment	(221,874)	(117,465)	(8,180)	(375,166)	–	(82,429)	(805,114)
Carrying amount	**2,496,334**	**445,017**	**8,028**	**180,284**	**32,076**	**43,550**	**3,205,289**
Opening carrying amount	2,496,334	445,017	8,028	180,284	32,076	43,550	3,205,289
Additions	–	61,253	6,469	105,706	115,759	3,341	292,528
Disposals	–	(3,224)	(104)	(776)	–	–	(4,104)
Transfer from construction in progress	18,297	66,526	–	21,762	(106,585)	–	–
Depreciation	(105,079)	(58,027)	(2,666)	(100,631)	–	(17,695)	(284,098)
Currency translation differences	(6,075)	(1,496)	(15)	(414)	–	–	(8,000)
Closing carrying amount	**2,403,477**	**510,049**	**11,712**	**205,931**	**41,250**	**29,196**	**3,201,615**
As at December 31, 2025							
Cost	2,728,767	683,968	21,819	665,568	41,250	129,320	4,270,692
Accumulated depreciation and impairment	(325,290)	(173,919)	(10,107)	(459,637)	–	(100,124)	(1,069,077)
Carrying amount	**2,403,477**	**510,049**	**11,712**	**205,931**	**41,250**	**29,196**	**3,201,615**

The Company

	Buildings	Transportation tools	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023						
Cost	–	1,319	52,661	505,071	167	559,218
Accumulated depreciation and impairment	–	(1,253)	(39,926)	–	(139)	(41,318)
Carrying amount	**–**	**66**	**12,735**	**505,071**	**28**	**517,900**

	Buildings	Transportation tools	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Opening carrying amount	–	66	12,735	505,071	28	517,900
Additions	–	–	7,513	215,609	19,425	242,547
Transfer from construction in progress	709,192	–	11,488	(720,680)	–	–
Disposals	–	–	(211)	–	–	(211)
Depreciation	–	–	(7,697)	–	(3,265)	(10,962)
Closing carrying amount	**709,192**	**66**	**23,828**	**–**	**16,188**	**749,274**
As at December 31, 2023 and January 1, 2024						
Cost	709,192	1,319	69,075	–	19,592	799,178
Accumulated depreciation and impairment	–	(1,253)	(45,247)	–	(3,404)	(49,904)
Carrying amount	**709,192**	**66**	**23,828**	**–**	**16,188**	**749,274**
Opening carrying amount	709,192	66	23,828	–	16,188	749,274
Additions	–	450	14,836	25,672	–	40,958
Transfer from construction in progress	25,626	–	–	(25,626)	–	–
Disposals	–	(9)	(443)	–	–	(452)
Depreciation	(30,151)	(80)	(10,326)	–	(3,885)	(44,442)
Closing carrying amount	**704,667**	**427**	**27,895**	**46**	**12,303**	**745,338**
As at December 31, 2024 and January 1, 2025						
Cost	734,817	1,579	75,763	46	19,592	831,797
Accumulated depreciation and impairment	(30,150)	(1,152)	(47,868)	–	(7,289)	(86,459)
Carrying amount	**704,667**	**427**	**27,895**	**46**	**12,303**	**745,338**
Opening carrying amount	704,667	427	27,895	46	12,303	745,338
Additions	–	–	4,741	624	–	5,365
Transfer from construction in progress	(6,600)	–	46	6,554	–	–
Disposals	–	–	(131)	–	–	(131)
Depreciation	(30,537)	(107)	(9,575)	–	(3,885)	(44,104)
Closing carrying amount	**667,530**	**320**	**22,976**	**7,224**	**8,418**	**706,468**
As at December 31, 2025						
Cost	728,217	1,579	77,914	7,224	19,592	834,526
Accumulated depreciation and impairment	(60,687)	(1,259)	(54,938)	–	(11,174)	(128,058)
Carrying amount	**667,530**	**320**	**22,976**	**7,224**	**8,418**	**706,468**

Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	10-30 years
Machinery and equipment	3-10 years
Transportation tools	3-5 years
Other equipment	3-5 years
Leasehold improvements	Shorter of their useful life and lease term

See Note 38 for the other accounting policies relevant to property, plant and equipment.

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use Assets			
– 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
	657,733	**578,768**	**1,165,594**
Lease liabilities			
– Current liabilities	72,113	77,029	77,383
– Non-current liabilities	171,002	86,625	46,556
	243,115	**163,654**	**123,939**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB124,619,000, RMB61,862,000 and RMB728,710,000, respectively.

For the year ended December 31, 2023, 2024 and 2025, expense relating to leases of low-value assets and short-term leases that applied the simplified approach is approximately RMB52,515,000, RMB34,121,000 and RMB37,307,000.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use Assets			
– Land use right	218,370	208,979	840,162
– Buildings	29,819	22,663	15,506
	248,189	**231,642**	**855,668**
Lease liabilities			
– Current liabilities	6,757	7,047	7,348
– Non-current liabilities	23,599	16,553	8,489
	30,356	**23,600**	**15,837**

(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
– Land use right	16,719	15,238	32,339
– Buildings	77,576	82,619	82,995
– Machinery and equipment	2,977	2,184	2,112
	97,272	**100,041**	**117,446**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense (included in finance cost)	12,697	11,431	7,646
Expense related to short-term and low value leases not included in lease liabilities	52,515	34,121	37,307
	162,484	**145,593**	**162,399**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB139,392,000, RMB130,897,000 and RMB127,630,000, respectively.

The Group leases properties, offices, land-use-right and machinery/equipment as lessee. Lease contracts are typically made for fixed periods from 1 to 50 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 38 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software	Total
	RMB'000	*RMB'000*
At January 1, 2023		
Cost	63,743	63,743
Accumulated amortization and impairment	(29,211)	(29,211)
Carrying amounts	**34,532**	**34,532**
Opening carrying amounts	34,532	34,532
Additions	72,576	72,576
Currency translation differences	458	458
Acquisition	(157)	(157)
Amortization charges	(17,931)	(17,931)
Closing carrying amounts	**89,478**	**89,478**
At December 31, 2023 and January 1, 2024		
Cost	136,539	136,539
Accumulated amortization and impairment	(47,061)	(47,061)
Carrying amounts	**89,478**	**89,478**
Opening carrying amounts	89,478	89,478
Additions	5,507	5,507
Currency translation difference	751	751
Acquisition	(71)	(71)
Amortization charges	(23,042)	(23,042)
Closing carrying amounts	**72,623**	**72,623**
At December 31, 2024 and January 1, 2025		
Cost	142,818	142,818
Accumulated amortization and impairment	(70,195)	(70,195)
Carrying amounts	**72,623**	**72,623**
Opening carrying amounts	72,623	72,623
Additions	5,751	5,751
Currency translation difference	(987)	(987)
Amortization charges	(22,198)	(22,198)
Closing carrying amounts	**55,189**	**55,189**
At December 31, 2025		
Cost	146,479	146,479
Accumulated amortization and impairment	(91,290)	(91,290)
Carrying amounts	**55,189**	**55,189**

The Company

	Software	Total
	RMB'000	*RMB'000*
At January 1, 2023		
Cost	17,362	17,362
Accumulated amortization and impairment	(11,210)	(11,210)
Carrying amounts	**6,152**	**6,152**
Opening carrying amounts	6,152	6,152
Additions	12,439	12,439
Amortization charges	(3,214)	(3,214)
Closing carrying amounts	**15,377**	**15,377**
At December 31, 2023 and January 1, 2024		
Cost	29,801	29,801
Accumulated amortization and impairment	(14,424)	(14,424)
Carrying amounts	**15,377**	**15,377**
Opening carrying amounts	15,377	15,377
Additions	3,905	3,905
Amortization charges	(3,942)	(3,942)
Closing carrying amounts	**15,340**	**15,340**
At December 31, 2024 and January 1, 2025		
Cost	33,706	33,706
Accumulated amortization and impairment	(18,366)	(18,366)
Carrying amounts	**15,340**	**15,340**
Opening carrying amounts	15,340	15,340
Additions	1,054	1,054
Amortization charges	(3,872)	(3,872)
Closing carrying amounts	**12,522**	**12,522**
At December 31, 2025		
Cost	34,760	34,760
Accumulated amortization and impairment	(22,238)	(22,238)
Carrying amounts	**12,522**	**12,522**

(a) Amortization Methods and Periods

Computer software

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-10 years

(b) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;

- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit or loss:			
– Wealth management products *(Note 3.6)*	13,518,867	12,599,124	10,735,489
– Derivative financial assets *(Note 3.6)*	–	104	18,878
Other financial assets at fair value through profit or loss:			
– Equity investments *(Note 3.6)*	745,978	800,576	641,742
– Convertible bonds *(Note 3.6)*	106,240	107,826	17,572
Financial assets measured at amortized cost:			
– Trade receivables *(Note 22)*	1,965,061	3,376,537	3,726,267
– Restricted cash *(Note 24)*	1,569,571	906,076	617,801
– Cash and cash equivalents *(Note 24)*	11,029,112	11,310,093	11,122,560
– Other receivables *(Note 23)*	901,228	1,218,622	548,777

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
– Derivative financial liabilities *(Note 3.6)*	3,657	450	14,229
Financial liabilities measured at amortized cost:			
– Trade and notes payables *(Note 26)*	19,141,739	17,212,937	16,793,364
– Accruals and other payables (excluding non-financial liabilities) *(Note 27)*	43,328	76,167	176,863
– Lease liabilities *(Note 17)*	243,115	163,654	123,939
– Borrowings *(Note 25)*	2,010,814	2,690,485	2,154,922

20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The Group

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	816,901	732,547	563,572
Offsetting against deferred tax liabilities	(73,021)	(75,412)	(47,613)
Net deferred tax assets	**743,880**	**657,135**	**515,959**
Gross deferred tax liabilities	112,938	152,973	117,492
Offsetting against deferred tax assets	(73,021)	(75,412)	(47,613)
Net deferred tax liabilities	**39,917**	**77,561**	**69,879**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	Unrealized profits	Estimated Liabilities	Fair Value Movements	Medium-Term and Long-Term Incentive Plans	Share-based payment expenses	Government grants	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	46,085	74,981	372,989	233	66,789	29,495	11,680	25,081	627,333
Credited/(debited) to profit or loss	1,905	(6,562)	68,228	19,008	(18,073)	26,544	23,101	6,796	120,947
Credited to equity	–	–	–	–	–	68,629	–	–	68,629
Changes in Consolidation Scope	(8)	–	–	–	–	–	–	–	(8)
At December 31, 2023	**47,982**	**68,419**	**441,217**	**19,241**	**48,716**	**124,668**	**34,781**	**31,877**	**816,901**
At January 1, 2024	47,982	68,419	441,217	19,241	48,716	124,668	34,781	31,877	816,901
Credited/(debited) to profit or loss	10,926	47,441	(139,689)	50,744	(23,669)	(37,684)	4,716	(4,721)	(91,936)
Credited to equity	–	–	–	–	–	7,582	–	–	7,582
At December 31, 2024	**58,908**	**115,860**	**301,528**	**69,985**	**25,047**	**94,566**	**39,497**	**27,156**	**732,547**
At January 1, 2025	58,908	115,860	301,528	69,985	25,047	94,566	39,497	27,156	732,547
Credited/(debited) to profit or loss	20,988	(53,224)	6,761	(33,867)	(11,904)	(64,786)	5,894	(9,057)	(139,195)
Debited to equity	–	–	–	–	–	(29,780)	–	–	(29,780)
At December 31, 2025	**79,896**	**62,636**	**308,289**	**36,118**	**13,143**	**–**	**45,391**	**18,099**	**563,572**

(b) Deferred Tax Liabilities

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	111,667	24,674	136,341
(Credited)/debited to profit or loss	(29,601)	6,198	(23,403)
At December 31, 2023	**82,066**	**30,872**	**112,938**

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	82,066	30,872	112,938
Debited/(credited) to profit or loss	44,522	(4,487)	40,035
At December 31, 2024	**126,588**	**26,385**	**152,973**

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	126,588	26,385	152,973
Credited to profit or loss	(27,217)	(8,264)	(35,481)
At December 31, 2025	**99,371**	**18,121**	**117,492**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	614,819	479,829	345,472

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	49,604	38,270	12,223
Offsetting against deferred tax liabilities	(49,604)	(38,270)	(12,223)
Net deferred tax assets	**–**	**–**	**–**
Gross deferred tax liabilities	55,032	85,880	60,979
Offsetting against deferred tax assets	(49,604)	(38,270)	(12,223)
Net deferred tax liabilities	**5,428**	**47,610**	**48,756**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Medium-Term and Long-Term Incentive Plans	Impairment provisions and loss allowances	Share-based payment expenses	Lease Liabilities	Government grants	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	8,718	164	7,726	–	2,928	19,536
Credited to profit or loss	3,416	90	6,349	7,589	2,635	20,079
Credited to equity	–	–	9,989	–	–	9,989
At December 31, 2023	**12,134**	**254**	**24,064**	**7,589**	**5,563**	**49,604**

	Medium-Term and Long-Term Incentive Plans	Impairment provisions and loss allowances	Share-based payment expenses	Lease Liabilities	Government grants	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	12,134	254	24,064	7,589	5,563	49,604
Debited to profit or loss	(6,367)	(155)	(11,070)	(1,689)	(232)	(19,513)
Credited to equity	–	–	8,179	–	–	8,179
At December 31, 2024	**5,767**	**99**	**21,173**	**5,900**	**5,331**	**38,270**

	Medium-Term and Long-Term Incentive Plans	Impairment provisions and loss allowances	Share-based payment expenses	Lease Liabilities	Government grants	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	5,767	99	21,173	5,900	5,331	38,270
(Debited)/credited to profit or loss	(2,637)	(64)	(15,541)	(1,941)	(232)	3,733
Debited to equity	–	–	(5,632)	–	–	(29,780)
At December 31, 2025	**3,130**	**35**	**–**	**3,959**	**5,099**	**12,223**

(b) Deferred Tax Liabilities

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	5,852	–	5,852
Debited to profit or loss	41,726	7,454	49,180
At December 31, 2023	**47,578**	**7,454**	**55,032**

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	47,578	7,454	55,032
Debited/(credited) to profit or loss	32,636	(1,788)	30,848
At December 31, 2024	**80,214**	**5,666**	**85,880**

	Fair Value Movements	Right-of-Use Assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	80,214	5,666	85,880
Credited to profit or loss	(23,112)	(1,789)	(24,901)
At December 31, 2025	**57,102**	**3,877**	**60,979**

(c) Deferred Tax Assets Not Recognized

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	1,654	1,523	2,957

21. INVENTORIES

The Group

	As at 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	1,590,003	1,947,257	1,907,568
Less: provision for impairment	(227,566)	(283,207)	(283,176)
	10,443,351	**8,663,359**	**8,902,898**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. For the years ended December 31, 2023, 2024 and 2025, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB46,765,049,000, RMB53,294,152,000 and RMB52,201,127,000, respectively.

(ii) The provision for impairment of inventories recorded as cost of revenue during the years ended December 31, 2023, 2024 and 2025 were RMB227,566,000, RMB283,207,000 and RMB283,176,000, respectively.

(iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025 were RMB194,999,000, RMB227,566,000 and RMB283,207,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	734	–	50,030
Less: provision for impairment	–	–	–
	734	**–**	**50,030**

22. TRADE RECEIVABLES

The Group

	As at 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)
	1,965,061	**3,376,537**	**3,726,267**

(a) As at January 1, 2023, the carrying amounts of trade receivables from contracts with customers is amounting to RMB1,287,384,000 (net of expected credit loss amounting to RMB165,124,000).

(b) The Group grant credit terms to some customers ranging from 30 to 90 days from the date of billing or delivery of goods. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at 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
	2,175,057	**3,564,210**	**3,940,778**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	22,024	13,966	105,735
Less: credit loss allowance	(1,017)	(397)	(139)
	21,007	**13,569**	**105,596**

The aging analysis of trade receivables based on the date of revenue recognition is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	20,340	12,289	102,626
1 to 2 years	1,684	–	1,432
2 to 3 years	–	1,677	–
Over 3 years	–	–	1,677
	22,024	**13,966**	**105,735**

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current Prepayments:			
Prepayments for raw materials	110,156	347,302	599,242
Prepayments for operating expense	127,409	91,638	76,500
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	237,565	**438,940**	**696,739**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
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)
	1,138,793	**1,657,562**	**1,245,516**
Other current assets:			
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
	467,183	**296,264**	**1,369,956**
Other non-current assets:			
Prepayments for non-current assets	**94,243**	**57,239**	**174,334**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current Prepayments:			
Prepayments for operating expense	8,786	10,609	9,962
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	8,786	**10,609**	**30,959**
Other receivables:			
Due from subsidiaries	3,082,253	6,080,988	3,453,511
Deposits	7,696	6,568	5,947
Others	487	496	599
	3,099,222	6,098,661	3,491,016
Less: provision for impairment	(1,654)	(1,523)	(2,957)
	3,097,568	**6,097,138**	**3,488,059**
Other current assets:			
Deductible input VAT	–	15,629	30,745
Others	–	241,216	153,729
	–	**256,845**	**184,474**
Other non-current assets:			
Prepayments for non-current assets	**3,087**	**8,313**	**32,139**

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	12,598,683	12,216,169	11,740,361
Less: restricted cash *(i)*	(1,569,571)	(906,076)	(617,801)
Cash and cash equivalents	**11,029,112**	**11,310,093**	**11,122,560**

(i) As at December 31, 2023, the Group's bank balances of approximately RMB1,198,597,000, RMB63,000,000, RMB15,582,000, RMB291,505,000, RMB361,000 and RMB526,000 were pledged as a guarantee for the bank acceptance notes, letter of guarantee, credit card, letter of credit, tax, and customs deposits, respectively.

As at December 31, 2024, the Group's bank balances of approximately RMB624,145,000, RMB74,601,000, RMB5,255,000, RMB44,454,000, RMB321,000 and RMB157,300,000 were pledged as a guarantee for the bank acceptance notes, letter of guarantee, credit card, letter of credit, tax, and investment deposits, respectively.

As at December 31, 2025, the Group's bank balances of approximately RMB495,320,000, RMB32,402,000, RMB40,628,000, RMB253,000 and RMB49,198,000 were pledged as a guarantee for the bank acceptance notes, letter of guarantee, letter of credit, tax and borrowings, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	6,148,104	4,258,299	4,213,457
Less: restricted cash	–	(164,287)	(25,385)
Cash and cash equivalents	**6,148,104**	**4,094,012**	**4,188,072**

(b) Cash and Bank Balances are denominated in:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	9,428,902	5,003,099	3,007,120
USD	1,972,399	6,481,077	5,653,663
EUR	34,265	57,060	60,698
HKD	28,371	15,610	2,489,018
AED	485,386	353,791	124,706
INR	34,225	68,927	45,417
ETB	158,669	37,711	30,654
BDT	383,806	80,012	173,150
ZAR	8,711	21,007	7,567
Others	63,949	97,875	148,368
	12,598,683	**12,216,169**	**11,740,361**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	6,016,381	3,078,963	1,549,067
USD	131,723	1,179,336	198,400
HKD	–	–	2,465,923
EUR	–	–	67
	6,148,104	**4,258,299**	**4,213,457**

25. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured			
Bank loans	1,500,000	2,151,765	1,860,000
Unsecured			
Bank loans	499,000	532,120	291,413
Interest payables	11,814	6,600	3,509
Less: current-portion for long-term borrowings	(252,121)	(249,165)	(15,959)
Less: short-term borrowings	(1,511,574)	(2,194,157)	(1,862,349)
	247,119	**247,163**	**276,614**

(a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 2.30% to 2.50%, 1.75% to 12.00% and 1.68% to 2.18%, respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rate of long-term borrowings was 2.50%, ranged from 2.33% to 2.50% and ranged from 2.33% to 18.00%, respectively.

(b) As at December 31, 2023, secured bank loans mainly included: borrowings with a principal equivalent to approximately RMB1,500,000,000 borrowed by a subsidiary of the Group were guaranteed by the Company.

As at December 31, 2024, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB2,145,000,000 borrowed by a subsidiary of the Group were guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB6,765,000 guaranteed by Mr. Rezwanul Hoque, the CEO of Ismartu technology BD limited, which is one of the non-material subsidiaries of the Group.

As at December 31, 2025, secured bank loans mainly included: borrowings with a principal equivalent to approximately RMB1,860,000,000 borrowed by a subsidiary of the Group were guaranteed by the Company.

(c) As at December 31, 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,763,695	2,443,322	1,878,308
Between 1 and 2 years	247,119	2,001	260,660
Between 2 and 5 years	–	245,162	15,954
	2,010,814	**2,690,485**	**2,154,922**

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unsecured			
Bank loans	499,000	496,000	247,000
Interest payables	240	328	174
Less: current-portion for long-term borrowings	(252,121)	(249,165)	(2,000)
	247,119	**247,163**	**245,174**

26. TRADE AND NOTES PAYABLES

The Group

	As at 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
	19,141,739	**17,212,937**	**16,793,364**

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	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 Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,012,776	547,996	877,597
Notes payables	–	558	114,913
	1,012,776	**548,554**	**992,510**

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,012,225	543,457	875,629
Over 1 year	551	4,539	1,968
	1,012,776	**547,996**	**877,597**

27. ACCRUALS AND OTHER PAYABLES

The Group

	As at 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
	1,432,323	**1,264,836**	**1,551,091**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due to subsidiaries	14,350,735	10,746,498	4,470,292
Salaries, wages and benefits	113,374	100,908	113,367
Deposits payables	2,100	4,180	2,120
Taxes other than income tax payables	83,491	4,914	6,870
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	9,704	7,016	7,150
	14,559,404	**10,863,516**	**4,605,169**

28. OTHER CURRENT AND NON-CURRENT LIABILITIES

The Group

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

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

(i) Estimated liabilities mainly include the provisions for both the estimated warranty claims and patent royalty claims (Note 35).

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current liabilities			
Other tax to be recognized	–	–	4
	–	**–**	**4**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other non-current liabilities			
Deferred income in relation to government grants	22,250	21,323	20,396
Long-term salaries, wages and bonuses	33,514	9,996	–
	55,764	**31,319**	**20,396**

29. SHARE CAPITAL

The Group and the Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year	**803,950**	**803,950**	**806,565**	**806,565**	**1,140,351**	**1,140,351**
Share issuance *(i)*	2,615	2,615	11,159	11,159	10,834	10,834
Conversion of capital reserve into share capital *(ii)*	–	–	322,627	322,627	–	–
At the end of the year	**806,565**	**806,565**	**1,140,351**	**1,140,351**	**1,151,185**	**1,151,185**

(i) The newly issued shares are due to the exercise of restricted shares.

(ii) The *Proposal on the 2023 Annual Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the 2023 Annual General Meeting of Shareholders on May 16, 2024. Pursuant to this meeting, the Company will convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 322,627,000 shares to be converted and issued.

30. RESTRICTED SHARE INCENTIVE PLAN

Pursuant to the 2020 Restricted Share Incentive Plan approved at the interim shareholders' meeting on June 29, 2020, the Company granted a total of 7,661,500 restricted shares to eligible participants, including an initial grant of 6,210,000 shares to 294 employees on July 3, 2020 at a grant price of RMB28.00 per share and a reserved grant of 1,451,500 shares to 134 employees on June 25, 2021 at a grant price of RMB26.24 per share. Under these schemes, the shares are vested based on the service conditions and performance conditions.

The initial grant portion of the 2020 Restricted Share Incentive Plan shall vest in accordance with the staged vesting periods commencing from the initial grant date: (i) 30% of the initial grant shall vest on a daily pro-rata basis from the first trading day following the 12-month anniversary of the grant date to the last trading day within the 24-month period from the grant date; (ii) 30% of the initial grant shall vest on a daily pro-rata basis from the first trading day following the 24-month anniversary of the grant date to the last trading day within the 36-month period from the grant date; and (iii) 40% of the initial grant shall vest on a daily pro-rata basis from the first trading day following the 36-month anniversary of the grant date to the last trading day within the 48-month period from the grant date.

The reserved grant portion of the 2020 Restricted Share Incentive Plan shall vest in accordance with the staged vesting periods commencing from the reserved grant date: (i) 50% of the total reserved shares shall vest on a daily pro-rata basis from the first trading day following the 12-month anniversary of the reserved grant date to the last trading day within the 24-month period from the reserved grant date; and (ii) 50% of the total reserved shares shall vest on a daily pro-rata basis from the first trading day following the 24-month anniversary of the reserved grant date to the last trading day within the 36-month period from the reserved grant date.

Pursuant to the 2022 Restricted Share Incentive Plan approved at the interim shareholders' meeting on September 13, 2022, the Company granted a total of 17,180,500 restricted shares to eligible participants, including an initial grant of 13,750,500 shares to 926 employees on September 13, 2022 at a grant price of RMB50.00 per share and a reserved grant of 3,430,000 shares to 224 employees on September 7, 2023 at a grant price of RMB48.20 per share. Under these schemes, the shares are vested based on the service conditions and performance conditions.

The initial grant portion of the 2022 Restricted Share Incentive Plan shall vest in accordance with the staged vesting periods commencing from the initial grant date: (i) 50% of the initial grant shall vest on a daily pro-rata basis from the first trading day following the 24-month anniversary of the grant date to the last trading day within the 36-month period from the grant date; and (ii) 50% of the initial grant shall vest on a daily pro-rata basis from the first trading day following the 36-month anniversary of the grant date to the last trading day within the 48-month period from the grant date.

The reserved grant portion of the 2022 Restricted Share Incentive Plan shall vest in accordance with the staged vesting periods commencing from the reserved grant date: (i) 50% of the total reserved shares shall vest during the period commencing on the first trading day after 24 months from the initial grant date and ending on the last trading day within 36 months from the initial grant date; and (ii) 50% of the total reserved shares shall vest during the period commencing on the first trading day after 36 months from the initial grant date and ending on the last trading day within 48 months from the initial grant date.

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	'000	*'000*	*'000*
At the beginning of the year	**16,609**	**17,181**	**11,263**
Granted	3,430	–	–
Exercised	(2,615)	(11,159)	(10,834)
Lapsed	(243)	(1,630)	(429)
Impact of conversion of capital reserve into share capital	–	6,871	–
At the end of the year	**17,181**	**11,263**	**–**

The fair value of restricted shares was impacted by the closing price of the Company's shares on the grant date, the time value of the options as well as other factors.

The weighted average remaining contractual life of restricted shares outstanding as at December 31, 2023, 2024 and 2025 was 1.20 years, 0.70 years and nil, respectively.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (Note 9).

31. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**8,455,660**	**10,125,899**	**11,419,280**
Profit for the year	5,537,045	5,548,950	2,580,637
Appropriations to statutory reserves	–	(125,348)	(5,417)
Dividends declared	(3,866,806)	(4,130,221)	(2,622,806)
At the end of the year	**10,125,899**	**11,419,280**	**11,371,694**

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**4,122,180**	**3,492,600**	**4,239,540**
Profit for the year	3,237,226	5,002,509	4,752,701
Appropriations to statutory reserves	–	(125,348)	(5,417)
Dividends declared	(3,866,806)	(4,130,221)	(2,622,806)
At the end of the year	**3,492,600**	**4,239,540**	**6,364,018**

32. OTHER RESERVES

The Group

	Share premium	Statutory reserves	Other comprehensive income	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	**5,352,142**	**444,827**	**88,496**	**673,906**	**6,559,371**
Capital injection	57,370	–	–	–	57,370
Currency translation differences	–	–	29,943	–	29,943
Share of other comprehensive loss of associates	–	–	(23,892)	–	(23,892)
Share-based payment scheme:					
– Share-based compensation expenses	–	–	–	324,216	324,216
– Exercise of restricted shares	229,881	–	–	(229,881)	–
– Others	–	–	–	68,628	68,628
Share of other changes in net assets of associates	–	–	–	98,094	98,094
Disposal of subsidiaries	16,199	–	–	–	16,199
Transaction with non-controlling interests	(7,187)	–	–	–	(7,187)
At December 31, 2023	**5,648,405**	**444,827**	**94,547**	**934,963**	**7,122,742**

	Share premium	Statutory reserves	Other comprehensive income	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	**5,648,405**	**444,827**	**94,547**	**934,963**	**7,122,742**
Capital injection	325,214	–	–	–	325,214
Conversion of capital reserve into share capital *(Note 29(ii))*	(322,627)	–	–	–	(322,627)
Currency translation differences	–	–	38,332	–	38,332
Share of other comprehensive loss of associates	–	–	(8,360)	–	(8,360)
Share-based payment scheme:					
– Share-based compensation expenses	–	–	–	382,157	382,157
– Exercise of restricted shares	430,175	–	–	(430,175)	–
– Others	–	–	–	7,583	7,583
Appropriation to statutory reserves	–	125,348	–	–	125,348
Transaction with non-controlling interests	338	–	–	–	338
At December 31, 2024	**6,081,505**	**570,175**	**124,519**	**894,528**	**7,670,727**
At January 1, 2025	**6,081,505**	**570,175**	**124,519**	**894,528**	**7,670,727**
Capital injection	274,564	–	–	–	274,564
Currency translation differences	–	–	33,791	–	33,791
Share of other comprehensive loss of associates	–	–	(36,152)	–	(36,152)
Share-based payment scheme:					
– Share-based compensation expenses	–	–	–	134,521	134,521
– Exercise of restricted shares	465,293	–	–	(465,293)	–
– Others	–	–	–	(29,780)	(29,780)
Appropriation to statutory reserves	–	5,417	–	–	5,417
Share of other changes in net assets of associates	–	–	–	(49,353)	(49,353)
Transaction with non-controlling interests	(1,735)	–	–	–	(1,735)
At December 31, 2025	**6,819,627**	**575,592**	**122,158**	**484,623**	**8,002,000**

The Company

	Share premium	Statutory reserves	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	**5,398,753**	**444,827**	**57,778**	**5,901,358**
Capital injection	57,370	–	–	57,370
Share-based payment scheme:				
– Share-based compensation expenses	–	–	49,009	49,009
– Exercise of restricted shares	63,885	–	(63,885)	–
– Others	203,515	–	12,776	216,291
At December 31, 2023	**5,723,523**	**444,827**	**55,678**	**6,224,028**

	Share premium	Statutory reserves	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	**5,723,523**	**444,827**	**55,678**	**6,224,028**
Capital injection	325,214	–	–	325,214
Conversion of capital reserve into share capital *(Note 29(ii))*	(322,627)	–	–	(322,627)
Share-based payment scheme:				
– Share-based compensation expenses	–	–	53,939	53,939
– Exercise of restricted shares	57,202	–	(57,202)	–
– Others	571,377	–	4,440	575,817
Appropriation to statutory reserves	–	125,348	–	125,348
At December 31, 2024	**6,354,689**	**570,175**	**56,855**	**6,981,719**
At January 1, 2025	**6,354,689**	**570,175**	**56,855**	**6,981,719**
Capital injection	274,564	–	–	274,564
Share-based payment scheme:				
- Share-based compensation expenses	–	–	12,548	12,548
– Exercise of restricted shares	69,403	–	(69,403)	–
– Others	399,610	–	–	399,610
Appropriation to statutory reserve	–	5,417	–	5,417
At December 31, 2025	**7,098,266**	**575,592**	**–**	**7,673,858**

33. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	6,714,396	6,677,647	3,182,828
Adjustments for:			
Interest income	(303,984)	(319,638)	(294,162)
Finance cost	79,732	81,966	68,413
Depreciation and amortization of non-current assets	314,688	420,214	475,789
Net losses/(gains) on disposal of property, plant and equipment and other non-current assets	1,373	2,884	(3,789)
Net impairment losses/(reversals) on financial assets	79,659	(1,577)	27,236
Impairment provision for inventories	227,566	283,207	283,176
Share of loss/(profit) of associates, net	95,520	(57,832)	(141,066)
Fair value changes on financial instruments	68,159	156,724	20,673
Net foreign exchange differences	(3,583)	74,896	309,909
Share-based compensation expenses	324,216	382,157	134,521
Net gains on disposal of subsidiaries	–	(25,960)	–
Net losses on disposal of investments accounted for using the equity method	–	731	–
Net gains on financial instruments	–	(108,076)	(79,968)
Government grant in relation to assets	(17,675)	(24,596)	(36,456)
Net gains on disposal of financial instruments	(289,138)	(601,995)	(425,286)
Dividends of other equity investments	(1,212)	(2,683)	(3,665)
Change in working capital:			
Increase in receivables	(2,289,876)	(2,385,297)	(885,606)
Increase/(Decrease) in payables	11,899,378	(2,080,663)	(235,091)
(Increase)/Decrease in inventories	(4,587,052)	1,093,030	(522,716)
Cash generated from operations	**12,312,167**	**3,565,139**	**1,874,740**

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Additions of right-of-use assets by way of leasing liabilities	**124,619**	**61,862**	**71,612**

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	**1,484,877**	**219,742**	**1,704,619**
Financing cash flows	529,000	(74,180)	454,820
Interest paid	(56,926)	(12,697)	(69,623)
Interest accrued	53,863	12,697	66,560
Other non-cash movements	–	97,553	97,553
At December 31, 2023	**2,010,814**	**243,115**	**2,253,929**
At January 1, 2024	**2,010,814**	**243,115**	**2,253,929**
Financing cash flows	684,885	(85,345)	599,540
Interest paid	(66,222)	(11,431)	(77,653)
Interest accrued	61,008	11,431	72,439
Other non-cash movements	–	5,884	5,884
At December 31, 2024	**2,690,485**	**163,654**	**2,854,139**
At January 1, 2025	**2,690,485**	**163,654**	**2,854,139**
Financing cash flows	(535,039)	(82,677)	(617,716)
Interest paid	(55,511)	(7,646)	(63,157)
Interest accrued	54,987	7,646	62,633
Other non-cash movements	–	42,962	42,962
At December 31, 2025	**2,154,922**	**123,939**	**2,278,861**

34. DISPOSAL OF SUBSIDIARIES

The transaction of disposal of subsidiaries during the Track Record Period had no significant impact on the Group's consolidated financial statements.

35. CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

In 2025, Ericsson, InterDigital and LG have instituted proceedings against the Company and its relevant subsidiaries in courts in Europe, Asia and other regions on the grounds of patent infringement. They allege infringement of their patent rights, and claim remedies including injunction to cease the infringement, destruction of relevant products incorporating the patents-in-suit, and compensation for damages.

The Company has made provisions in respect of these lawsuits, and as of the date of this report, the above-mentioned cases are still under trial.

35.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at 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
	587,030	**490,071**	**446,008**

36. RELATED PARTY TRANSACTIONS

(a) Parent Entity

		Ownership interest		
		As at December 31,		
Name	Place of incorporation	2023	2024	2025
Transsion Investment	Shenzhen, PRC	50.64%	49.15%	46.71%

The Company's ultimate holding company is Transsion Investment and the ultimate controlling person is Mr. Zhu Zhaojiang.

(b) Name and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
TRANSSNET TECHNOLOGY INC. (開曼群島)	An associate of the Group
TRANSSION TECNO ELECTRONICS (PRIVATE) LIMITED (巴基斯坦)	An associate of the Group
Transread Technology Limited (傳閱科技有限公司)	An associate of the Group (which was deregistered in May, 2024)
Ningbo Qianyi Navigation Tianquan Equity Investment Center (Limited Partnership) (寧波千意領航天權股權投資中心(有限合夥))	An associate of the Group
Shanghai Aficheng Technology Development Co., Ltd. (上海阿非程科技發展有限公司)	An associate of the Group
CLOUDVIEW TECHNOLOGY LIMITED (香港)	An associate of the Group
ZEBRA TECHNOLOGY LIMITED (開曼群島)	An associate of the Group (which was disposed in October, 2024)
TRANSSNET FINTECH GROUP (開曼群島)	An associate of the Group
HIPPO DIGITAL MEDIA (HK) LIMITED (香港)	An associate of the Group

Name of the related parties	Relationship with the Group
BOOMSING TECHNOLOGY LIMITED (開曼群島)	An associate of the Group
TRANSSNET MORE TECHNOLOGY LIMITED (開曼群島)	An associate of the Group
Shanghai Kawen Technology Co., Ltd. (上海咖聞科技有限公司)	An associate of the Group
ISMARTU INDIA PRIVATE LIMITED (印度)	An associate of the Group (which was once a subsidiary of the Group from January, 2022 to July, 2024 and became an associate of the Group since August, 2024)
ZEBRA TECHNOLOGY HOLDING LIMITED (香港)	A subsidiary of an associate of the Group (which was disposed in October, 2024)
PALMPAY LIMITED (尼日利亞)	A subsidiary of an associate of the Group
TRANSSNET FINANCIAL SERVICE LIMITED (香港) (Changed name to PALMPAY DIGITAL TECHNOLOGY (HONGKONG) LIMITED since 2023)	A subsidiary of an associate of the Group
TRANSSNET MICROFINANCE BANK LIMITED (尼日利亞)	A subsidiary of an associate of the Group
TRANSSNET (HK) LIMITED (香港)	A subsidiary of an associate of the Group
TRANSSNET MUSIC LIMITED (香港)	A subsidiary of an associate of the Group
TRANSSNET INTERNATIONAL LIMITED (英屬維爾京群島)	A subsidiary of an associate of the Group
TRANSSNET MORE (HK) LIMITED (香港)	A subsidiary of an associate of the Group
TRANSSNET MUSIC NIGERIA LIMITED (尼日利亞)	A subsidiary of an associate of the Group
BOOMSING (HK) LIMITED (香港)	A subsidiary of an associate of the Group
BOOM STUDIO LIMITED (香港)	A subsidiary of an associate of the Group
ONELOOP (PTE.) LIMITED (新加坡)	A subsidiary of an associate of the Group
Transsnet (Shenzhen) Limited (傳易互聯(深圳)有限公司)	A subsidiary of an associate of the Group
Transsnet More Technology (Beijing) Limited (北京傳易摩爾科技有限公司)	A subsidiary of an associate of the Group
Ease Gaming (Beijing) Limited (傳易互動遊戲科技(北京)有限公司)	A subsidiary of an associate of the Group
Transsnet MUSIC TECHNOLOGY (Shenzhen) LIMITED (傳易音樂科技(深圳)有限公司)	A subsidiary of an associate of the Group
TRANSSION TECNO MOTORS (PRIVATE) LIMITED (巴基斯坦)	A subsidiary of an associate of the Group
Transbyte (Shanghai) Limited (上海傳興科技有限公司)	A subsidiary of an associate of the Group (which was once a non-wholly owned subsidiary of the Group for the year ended December 31, 2023, became a subsidiary of an associate of the Group as at December 31, 2023)
Transbyte (Beijing) Limited (北京傳歆科技有限公司)	A subsidiary of an associate of the Group (which was once a non-wholly owned subsidiary of the Group for the year ended December 31, 2023, became a subsidiary of an associate of the Group as at December 31, 2023)
MOLE HK LIMITED (香港)	A subsidiary of an associate of the Group
COLORFUL POINT PTE. LTD. (新加坡)	A subsidiary of an associate of the Group
Pengbeishuke (Shenzhen) Co., Ltd. (澎貝數科(深圳)有限公司)	A subsidiary of an associate of the Group
TRANSSNET MUSIC TANZANIA LIMITED (坦桑尼亞)	A subsidiary of an associate of the Group

Name of the related parties	Relationship with the Group
TRANSBYTE (HK) LIMITED (香港)	A subsidiary of an associate of the Group (which was once a non-wholly owned subsidiary of the Group for the year ended December 31, 2023, became a subsidiary of an associate of the Group as at December 31, 2023)
CloudView Technology Limited (成都雲覽科技有限公司)	A subsidiary of an associate of the Group
Shenzhen Yiwill HOLDINGS Limited (深圳易為控股有限公司)	An entity controlled by the ultimate controlling person
YIWILL DEVELOPMENT LIMITED (香港)	An entity controlled by the ultimate controlling person
ELIFE SYSTEMS LIMITED (坦桑尼亞)	An entity controlled by the ultimate controlling person
EGATEE GLOBAL LIMITED (香港)	An entity controlled by the ultimate controlling person
YIMEI NIGERIA LIMITED (尼日利亞)	An entity controlled by the ultimate controlling person
HYPHENLINK DEVELOPMENT HKTZ LIMITED (香港)	An entity controlled by the ultimate controlling person
MASAI MARA TECHNOLOGY LIMITED (開曼群島)	An entity controlled by the ultimate controlling person
VANLLI CONSTRUCTION NG LIMITED (尼日利亞)	An entity controlled by the ultimate controlling person
BANANA PHONE WORLD LIMITED (烏干達)	An entity controlled by the ultimate controlling person
Shenzhen Africa Teachnology Limited (深圳愛非利加科技有限公司)	An entity controlled by the ultimate controlling person
3C HUB BRAND MANAGEMENT LIMITED (尼日利亞)	An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited
3C HUB INVESTMENT LIMITED (香港)	An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited
MEDIA TEK INC. (中國臺灣)	A legal person indirectly holding more than 5% of the shares of the Company
Shenzhen Xinju Huineng Enterprise Management Consulting Partnership (Limited Partnership) (深圳市新炬匯能企業管理諮詢合夥企業(有限合夥))	Controlled by the key management personnel

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services:			
Associates and its subsidiaries	11,885	2,098,027	4,192,405
Entities controlled by the ultimate controlling person	–	4,398	518
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	2,851	2,825	16,869
	14,736	**2,105,250**	**4,209,792**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and rendering of services:			
Associates and its subsidiaries	1,649,563	2,834,983	2,045,733
Entities controlled by the ultimate controlling person	71,754	68,612	113,813
Entities controlled by the ultimate controlling person and Associates (including their subsidiaries) *(i)*	–	68	–
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	247,004	213,936	166,316
	1,968,321	**3,117,599**	**2,325,862**

(i) For the purpose of obtaining more favorable procurement prices, the Company jointly procured cloud services from cloud service providers together with the related parties. For the years 2023, 2024 and 2025, the amounts of cloud services procured by the Company on behalf of the related parties were RMB68,985,000, RMB29,214,000 and RMB13,330,000 respectively. In accordance with the revenue recognition policy under the applicable accounting standards, the Company recognized sales revenue on a net basis for these transactions.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental income:			
Associates and its subsidiaries	–	2,380	1,632
Entities controlled by the ultimate controlling person	368	117	–
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	321	76	140
	689	**2,573**	**1,772**

Additionally, for the year ended December 31, 2023, the Company collected RMB12,000 from Shenzhen Yiwill HOLDINGS Limited (an entity controlled by the ultimate controlling person) for water and electricity fees. For the years ended December 31, 2024 and 2025, the Company collected RMB191,000 and RMB251,000 from Pengbeishuke (Shenzhen) Co., Ltd. (a subsidiary of an associate of the Group) for water and electricity fees.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental expenses:			
Associates and its subsidiaries	325	609	1,536
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	70	30	21
	395	**639**	**1,557**

Additionally, for the year ended December 31, 2024, the Company procured utilities (mainly water and electricity) from ISMARTU INDIA PRIVATE LIMITED (an associate of the Group) for RMB199,000.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of property, plant and equipment, and intangible assets:			
Associates and its subsidiaries	57,095	–	–
A subsidiary of an associate of the Group	–	–	2
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	–	1,088	29
	57,095	**1,088**	**31**

Other Transactions with Related Parties

TRANSSION INVESTMENT LIMITED, one of the Company's subsidiaries, entered into a convertible bond subscription agreement with TRANSSNET FINTECH GROUP, which is an associate of the Group, with a total principal amount of the bond being USD15,000,000, which was converted into RMB106,241,000 and recognized as other financial assets at fair value through profit or loss in 2023 (Note 3.6). And in 2025, the convertible bond (USD15,000,000, equivalent to RMB106,583,000) was fully converted into equity interests in TRANSSNET FINTECH GROUP.

TRANSSION INVESTMENT LIMITED entered into a convertible bond subscription agreement with TRANSSNET INTERNATIONAL LIMITED, which is a subsidiary of an associate of the Group, with a total principal amount of the bond being USD12,250,000 and USD25,000,000, which was converted into RMB86,763,000 and RMB177,722,000 and recognized as other financial assets at fair value through profit or loss in 2023 and 2024, respectively (Note 3.6). And in 2025, the convertible bond (USD37,250,000, equivalent to RMB264,485,000) was fully converted into equity interests in TRANSSNET MORE TECHNOLOGY LIMITED, which is an associate of the Group.

TRANSSION INVESTMENT LIMITED entered into a convertible bond subscription agreement with TRANSSNET INTERNATIONAL LIMITED, with a total principal amount of the bond being USD7,000,000, which was converted into RMB49,202,000 and recognized as other financial assets at fair value through profit or loss in 2025 (Note 3.6).

Shenzhen Xinju Huineng Enterprise Management Consulting Partnership (Limited Partnership), which is an entity controlled by the key management personnel, made an additional investment of RMB27,900,000 in Shenzhen Dynamic Energy Technology Co., Ltd., which is one of the Company's subsidiaries, in 2025.

The Company borrowed RMB9,208,000 from TRANSSNET MORE (HK) LIMITED, which is a subsidiary of an associate of the Group in 2023; and RMB305,000 from TRANSSNET MUSIC LIMITED, which is a subsidiary of an associate of the Group in 2023.

(d) Balance with Related Parties

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables:			
Associates and its subsidiaries	366,998	163,467	174,436
Entities controlled by the ultimate controlling person	11,142	1,412	9,226
	378,140	164,879	183,662
Less: credit loss allowance	(46,491)	(10,381)	(15,778)
	331,649	**154,498**	**167,884**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables:			
Associates and its subsidiaries	1,051	1,249,084	723,366
Entities controlled by the ultimate controlling person	–	559	–
Others	–	–	6
	1,051	**1,249,643**	**723,372**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities:			
Associates and its subsidiaries	–	281	381
Entities controlled by the ultimate controlling person	1	489	16
An entity controlled by a joint venture of Shenzhen Yiwill HOLDINGS Limited	7,187	4,490	6,343
	7,188	**5,260**	**6,740**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accruals and other payables:			
Associates and its subsidiaries	–	6	704

All the balances with the related parties are trade in natures.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	360	360	360
Salaries, wages and bonuses	65,642	37,951	32,841
Housing fund, retirement and other benefits	653	722	776
Share-based compensation expenses	29,448	41,052	15,609
	96,103	**80,085**	**49,586**

As at December 31, 2023, 2024 and 2025, approximately RMB58,718,000, RMB31,257,000 and RMB9,115,000 of payroll payables which were unpaid as at year end are included in other payables and accruals. The share-based payments provided to key management personnel consist of restricted share incentive plan which are equity-settled, see Note 30.

37. EVENTS AFTER THE REPORTING PERIOD

On March 27, 2026, a final dividend in respect of the year ended December 31, 2025 of RMB9.00 per 10 shares (tax inclusive) has been proposed by the Board of Directors. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date. In addition, the Company has not adopted a formal dividend policy and has not determined any dividend payout ratio.

38. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Business Combinations

(i) Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(3) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(4) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(5) Property, Plant and Equipment

The Group's accounting policy for buildings and equipment is explained in Note 16. Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(6) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(7) Intangible assets

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

(8) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(9) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains/(losses), net.

(10) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(11) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost of inventories are determined on the first-in first-out method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group's impairment policies.

(13) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(14) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(15) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(16) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(17) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 32.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted or is otherwise beneficial to the employee as measured at the date of modification.

(18) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(19) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(20) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(21) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(22) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(23) Leases

(i) Definition of a Lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and

- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(iii) The Group as a Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

III SUBSEQUENT FINANCIAL STATEMENTS

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